

MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES APPROPRIATIONS
FOR 2016

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTEENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES APPROPRIATIONS

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MILITARY CONSTRUCTION, VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR 2016

WEDNESDAY, MARCH 18, 2015.

RELATED AGENCIES

WITNESSES

HON. MAX CLELAND, SECRETARY, AMERICAN BATTLE MONUMENTS COMMISSION

PATRICK K. HALLINAN, EXECUTIVE DIRECTOR, ARMY NATIONAL MILITARY CEMETERIES

JUDGE BRUCE E. KASOLD, CHIEF JUDGE, UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

STEVEN G. MCMANUS, CHIEF OPERATING OFFICER, ARMED FORCES RETIREMENT HOME

Mr. DENT. Thank you all for being here. The committee will come to order. I want to welcome all of you here today. We really appreciate you being here on the four related agencies that are funded through the MILCON/VA bill, the American Battle Monuments Commission, Arlington Cemetery, the United States Court of Appeals for Veterans Claims, and of course the Armed Forces Retirement Home. We thank you all for being here this morning.

Before I proceed, I would like to yield to my very distinguished ranking member, Mr. Bishop, for any opening remarks he might like to make.

RANKING MEMBER OPENING STATEMENT

Mr. BISHOP. Thank you, Mr. Chairman.

I am just delighted to be here because today we have the pleasure of having before us a true American hero and a friend of long-standing, Secretary Max Cleland. Secretary Cleland was Secretary of State, he was a State Senator, and he was our U.S. Senator. And he has just been a friend for many, many years, and I am delighted, with his life of public service, to have him here, as well as the other members of the distinguished panel.

Judge Kasold, Mr. McManus, it is good to have you back.

And, of course, Mr. Hallinan, welcome. It is your first time, I believe.

The last time our subcommittee had a related agencies hearing we were dealing with sequestration, and unfortunately I think we still may be dealing with the threat of sequestration again. We have already heard from the Department of Defense regarding how the budget caps of sequestration will affect our national defense,

but I am sure it is the same for the related agencies as well. My side of the aisle has grave concerns about the nondefense discretionary priorities, and of course the other side has concerns about the defense discretionary priorities if the caps were to stay in place.

Mr. Chairman, it is obvious both sides believe it is time we get rid of these budget caps and the threat of sequestration and tackle the real problem, which we all know isn't discretionary spending. I look forward to the witnesses' thoughts on this, as well as the 2016 budget request.

And I just have to take a point of personal privilege, Mr. Chairman. During the break I had the opportunity to do some travelling with the Appropriations Committee chairman, and among the places we went were a couple of very, very impressive American battle monuments locations in North Africa and the Rhone National Cemetery, and it was just phenomenal. It was inspiring.

And I just want to salute you, Mr. Secretary, and let you know that your folks are doing a good job. And at Rhone all of us were in tears. The presentation that the young lady made, she just brought it to life, and it was just quite an experience.

With that, I yield back, Mr. Chairman.

CHAIRMAN OPENING STATEMENT

Mr. DENT. Thank you, Mr. Bishop. And, yes, I heard that was quite a meaningful experience that you all had, and I know a few members of the subcommittee went, along with the chairman, Mr. Rogers, and I look forward to taking a similar trip at some point in the future. And glad to hear about that experience.

I would like to introduce the four witnesses we have before us today. I would also like to note the extraordinary public service represented here among the four. Each of our witnesses has served in the armed services, either in the Army or the Marine Corps. All have chosen to continue to serve as civilians and have done so in a remarkable fashion. In total, I think we have before us, we have calculated, close to 160 years of exemplary service to our country, and I must tell you that none of you look 160 years old or even close. On behalf of this subcommittee, let me say that your dedication is truly appreciated.

I will introduce one of you first, the Honorable Max Cleland. And as was mentioned by Mr. Bishop, a great American hero and has had a great, distinguished career, including the United States Senate. And he was appointed Secretary of the American Battle Monuments Commission in June of 2009.

We have Mr. Patrick Hallinan, who has been the Executive Director of the Army National Cemeteries Program since June of 2013. Prior to that he was Superintendent at Arlington.

Third, we have Judge Bruce Kasold, who has been the Chief Judge, United States Court of Veterans Claims since August of 2010, and has served as a judge on the Court of Appeals since 2003.

Mr. Steve McManus, we have before us as well. He assumed the role of Chief Operating Officer for the Armed Forces Retirement Home on September 25 of 2011, and he has been with that agency for 12 years.

So with that, I would like to thank all of you for being here today, and without objection, your written statements will be entered into the official record. I would ask each of you at this time to briefly summarize your statements. And then at every hearing we also will observe the 5-minute rule for member questions so we can maximize discussion. So, again, if each of our good friends here today could just summarize their statements, and then we will go right to questions.

Secretary Cleland.

Mr. CLELAND. Thank you very much, Mr. Chairman. May I say that sometimes I feel like the combined 160 years of public service on my body and on my shoulders. I am honored to be with all these gentlemen here, and we thank you for all your kind words. We thank the ranking member, Congressman Bishop, my dear friend from my home State.

And I am so glad you got out of Tunisia just in time.

And for all of the members, we are honored to be with you today.

Let me just say a few words about Tunisia. The attack there put us on maximum alert. We shut down the cemetery within 15 minutes. We lowered the flag in order to lower the visibility. Part of our strategy, Mr. Chairman, around the world is to hide in plain sight. You can't hide a cemetery. You can't hide what the story of Americans is in terms of the 14 nations that we are in. So you can't hide. But we try to hide in plain sight. We try not to make ourselves visible, too visible and too vulnerable. Actually months ago we doubled the security at Tunisia, and it is now 24/7. It is still risky there because the State Department will not allow us to send an American as a superintendent. It is the only place where we don't have an American running our cemetery.

So Tunisia we think is under control as far as our cemetery is concerned. About 3 years ago I had a revisitation of my time in Vietnam where I was a young lieutenant, and it was hard to believe I had tanks outside the gate, machine gun fire, and so forth, and I almost thought I was back in a combat zone here listening to my superintendent at the time talk 3 years ago.

Now we feel like we are much further along. We are ahead of the game. The most recent attack was in downtown Tunis. So we feel like we are okay there, but it is a very risky world out there, as you know, sir, and we have taken precautions. We are now putting our security number one, and we have a former Navy SEAL officer as our director of security worldwide operating out of Paris.

So with those few words, I will turn it over to my colleagues here. But thank you.

And I am glad you are back from Tunisia, sir.

**The Honorable Max Cleland
Secretary
American Battle Monuments Commission**

Biography

A former United States Senator and youngest-ever Administrator of the U.S. Veterans Administration, Max Cleland has been a distinguished public servant for nearly 50 years.

Born and raised in Lithonia, Georgia, Cleland received the Atlanta Journal Cup as the most outstanding graduate in the class of 1960 at Lithonia High School. He later attended the Washington Semester Program at American University where he was inspired to enter public service. In 1964, he earned his B.A. degree from Stetson University and received a Second Lieutenant's Commission in the U.S. Army through its ROTC program. Cleland holds a Masters Degree in American history from Emory University. Both Stetson and Emory have awarded him honorary doctorate degrees.

In 1967, Cleland volunteered for service in the Vietnam War and was promoted to Army Captain. Seriously wounded in combat in 1968, he was awarded both the Bronze Star for meritorious service and the Silver Star for gallantry in action.

In 1970, Cleland was elected to the Georgia Senate where he was the youngest member of that body and the only Vietnam veteran. He was re-elected to the State Senate in 1972. There he authored and helped to enact into law legislation which for the first time made public facilities in Georgia accessible to the elderly and handicapped.

In 1974, Cleland lost his race for Lieutenant Governor of Georgia. The following year he was appointed to the staff of the U.S. Senate Veterans Affairs Committee, where he investigated hospitals in the Veterans Administration health care system and their treatment of wounded U.S. troops returning from Vietnam.

Appointed in 1977 by President Jimmy Carter to head the Veterans Administration, Cleland managed the largest health care system in the country. As the nation's youngest VA Administrator ever and the first Vietnam veteran to head the department, Cleland created the Vet Center counseling program. Today over 300 Vet Centers across America help veterans and their families deal with post-traumatic stress disorders and associated problems.

The Institute for Public Service, in 1977, awarded Cleland the Thomas Jefferson Award, which is given to an American under the age of 35 who makes the greatest contribution to public service. The following year Cleland received the Neal Pike Prize

from Boston University for his outstanding contributions to the rehabilitation of disabled veterans.

In 1982, Cleland won election as Georgia's youngest Secretary of State and served in that office for 12 years. In 1996, he was elected to succeed Sam Nunn in the United States Senate. Cleland held the seat on the Senate Armed Services Committee which was previously occupied by Nunn and Senator Richard Russell.

As a member of the Armed Services Committee, Cleland was a forceful advocate for veterans and for a strong national defense. He successfully fought to improve some of the Department of Defense's most pressing personnel needs, including recruiting and retention, pay and compensation, reform of the military retirement system and health care. Because of Max Cleland's efforts, servicemen and women who choose not to use their GI bill educational benefits can now pass those benefits on to their children. In 2000, Cleland was selected by the Reserve Officers Association to receive the group's Minute Man of the Year Award, which is presented annually to "the citizen who has contributed most to National Security during these times."

After his defeat for re-election in 2002, Cleland was appointed to the 9-11 Commission to study the circumstances surrounding the September 11, 2001 terrorist attacks and to recommend safeguards against future attacks. While a member of the Commission, Cleland served as an adjunct professor in Political Science on the Washington Semester Program at American University. In late 2003, he was appointed to be a member of the Board of Directors for the Export-Import Bank of the United States, where he served for three and a half years.

On June 3, 2009, President Obama appointed Cleland as Secretary of the American Battle Monuments Commission, managing 25 cemeteries overseas where fallen American troops from World War I and World War II are memorialized.

Cleland is the author of three books: *Strong at the Broken Places*; *Going for the Max: 12 Principles for Living Life to the Fullest*; and *Heart of a Patriot*.

WRITTEN STATEMENT
BEFORE
THE HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES
BY
THE HONORABLE MAX CLELAND
SECRETARY
AMERICAN BATTLE MONUMENTS COMMISSION

March 18, 2015

Mr. Chairman and Members of the Subcommittee...

On behalf of our Chairman General Tony McPeak and our Board of Commissioners, I thank you for this opportunity to discuss the President's Fiscal Year 2016 budget submission for the American Battle Monuments Commission.

Since 1923, our purpose has not changed—to commemorate the service and achievements of America's armed forces, yet our methods have changed. We execute our mission by creating memorials worldwide where U.S. forces have served, and by administering 25 overseas military cemeteries—shrines to our fallen and those that fought by their side. We do this with the words of our first Chairman, General of the Armies John J. Pershing, ever in mind. General Pershing's words serve as the foundation statement for all that we do:

"Time will not dim the glory of their deeds"

The cemeteries and memorials we administer have been entrusted to our care by the American people—we take that as a solemn responsibility. For the first 80 years of our history, ABMC's principle focus was to maintain our commemorative sites to the highest standard. That remains and always will be our core mission—the war dead we honor deserve nothing less.

2014 was a significant commemorative year for the Nation and for our Commission. We were honored to host President Obama at three of the Commission's overseas cemeteries this fiscal year: Flanders Field American Cemetery in Belgium; Manila American Cemetery in the Philippines; and Normandy American Cemetery, France.

At Normandy on June 6th, the president was joined by French President Hollande, Secretary of State Kerry, Secretary of Defense Hagel, Congressional delegations, and many other civilian and military dignitaries to commemorate the 70th Anniversary of the D-Day landings. Before an audience of 10,000, including more than 300 D-Day veterans, the President reflected on the historical significance of June 6, 1944:

"We come to tell the story of the men and women who did it so that it remains seared into the memory of a future world. We tell this story for the old soldiers who pull themselves a little straighter today to salute brothers who never made it home. We tell the story for the daughter who clutches a faded photo of her father, forever young; for the child who runs his fingers over colorful ribbons he knows signify something of great consequence, even if he doesn't yet fully understand why."

Unlike the *Longest Day* 70 years ago, it was a beautiful June day in Normandy to remember the achievement and sacrifice of the more than 10,000 brave souls buried in the hallowed Normandy grounds and memorialized on the cemetery's Tablets of the Missing.

Other significant commemorative events this past year included the 70th anniversary of Operation Market Garden at Netherlands American Cemetery and the 70th anniversary of Operation Dragoon at Rhone American Cemetery in southern France.

Not long after these World War II events concluded, attention shifted in August to the World War I Centennial. Although the 100th anniversary of the United States entry into the Great War will not begin until April 2017, the Commission's eight World War I cemeteries in Europe will receive increased attention as visitors travel to the battlefields where the fathers and mothers of the "Greatest Generation" witnessed unprecedented devastation and death; places where American sacrifice ultimately opened an American Century.

I have shared with you previously the ambitious visitor center projects we began as part of our Interpretation Program—what we now refer to as Telling Their Story. I'm pleased to report this morning that two new visitor centers at our Cambridge and Sicily-Rome cemeteries were dedicated on Memorial Day, and the renovated visitor center at the Pointe du Hoc Ranger Monument—just nine kilometers from Normandy cemetery—was dedicated June 5th on the eve of D-Day.

Visitor center renovation projects at two World War I cemeteries—Meuse-Argonne in France and Flanders Field in Belgium—are in design. And three additional visitor center projects are in various stages of development:

- at our Honolulu Memorial in the Department of Veterans Affairs National Memorial Cemetery of the Pacific—the Punchbowl;
- at Manila American Cemetery, our only World War II commemorative cemetery in the Pacific; and,
- at the World War I Chateau-Thierry Monument, located about one hour east of Paris.

We also have two new monuments in development:

- a monument at Midway Island has been designed and fabricated and is awaiting installation;
- an architect has been selected to design a U.S. monument for New Zealand's national memorial park in Wellington, at the invitation of the Government of New Zealand.

These monument projects are part of an initiative begun by our Board of Commissioners, with the counsel of the military service historians, to honor significant battles and achievements of U.S. armed forces that have not previously been commemorated by the Commission.

Closer to home, we partnered with the National Park Service to renovate and upgrade kiosks and educational content at the World War II and Korean War memorials on the National Mall, significantly enhancing the visitor experience. Particularly popular is the ability for visitors to access ABMC's World War II Registry and Korean War Honor Roll databases at the kiosks.

We are strengthening our collaboration with Arlington National Cemetery, defining opportunities to share best practices and training. In my role as Chair of the Arlington Advisory Commission I have observed that there is much we can learn from the technological advances ANC has made in recent years, and we can share the core competencies for which our agency has become known, strengthening both organizations. Likewise, we continue our long-standing relationship with the National Cemetery Administration through advisory committees and our shared interest in the National Memorial Cemetery of the Pacific, home of our Honolulu Memorial. Through such collaborations we have the opportunity, collectively, to improve the efficiency of our operations and more effectively serve our stakeholders.

Phase two of the Commission's education program initiative has begun with the award of a contract to a joint venture of National History Day and the George Mason University Center for History and New Media to create a World War II-focused, education program developed by teachers that will help students better understand the service, experience and sacrifice of American armed forces that served and died during the war in Northern Europe. Products related to World War I, developed in partnership with the University of North Carolina and Virginia Tech as phase one of our education program, will be completed soon.

The Commission received a new mission responsibility in fiscal year 2014 with completion in December 2013 of a Memorandum of Understanding (MOU) between the U.S. and the Republic of the Philippines, giving ABMC the ability to restore and maintain Clark Veterans Cemetery in the Philippines as ABMC's 25th cemetery. The action was contemplated by the Dignified Burial and Other Veterans' Benefits Improvement Act (Public Law 112-260), signed into law by President Obama in January 2013. Our staff at Manila American Cemetery began basic maintenance of the cemetery immediately upon signature of the MOU, as well as restoration of the perimeter fence and construction of a temporary equipment storage facility.

Public Law 112-260 authorized \$5.0 million to restore Clark cemetery. The Commission is allocating \$1.0 million in unobligated prior year funds plus \$2.0 million in FY 2015, and is requesting \$2.0 million in FY 2016 to meet the authorization and to address Engineering and Maintenance and Horticulture infrastructure requirements at Clark as needed. We are awaiting completion of an engineering and condition assessment of the cemetery, which we will use to develop appropriate next steps that will guide restoration plans and long-term maintenance requirements. Any restoration funding requirements beyond the \$5.0 million proposed will be vetted during the FY 2017 budget formulation process with our Board of Commissioners and the Administration.

Although ABMC's core mission remains unchanged, in order that we appropriately continue to honor our Nation's fallen, we have found it essential to place emphasis on "telling the story" of these brave men and women. As we find ourselves further in time from the seminal events we commemorate, it is critical that we provide context for younger generations of Americans who have little understanding of why their fellow Americans rest in foreign soil.

Our visitor centers at Normandy, Cambridge, Sicily-Rome and Pointe du Hoc, and the projects underway or planned, have inestimable value in enabling understanding of the historical events surrounding “the glory of their deeds” and the placement of these cemeteries. Over the past 18 months I brought in two new senior executives, one the former regional director of the National Park Service Intermountain Region and one the former Chief of the Army Center of Military History. Together, they are reinvigorating our strategic planning process to set forth a path focused on better supporting this essential mission.

In addition to our standing mission and vision, inspired by General Pershing’s foundational statement; and our core values of excellence, integrity, stewardship, commitment and respect; we are defining a set of guiding principles that will help fill a void in our educational and historical preservation activities and inform our new interpretive services program:

We will Tell their Story

We will preserve, communicate, and interpret the stories of competence, courage and sacrifice of those we honor, while providing historical context for why our commemorative sites were established, the men and women we honor, and the values for which they fought and died. Recognizing the changing demographics of our audiences, we will pursue opportunities at our sites and through education programs and emerging technologies to educate and inform our audiences in a way that evokes a lasting, personal connection.

We will Preserve our Heritage Assets

We will protect and maintain our commemorative sites to their original design intent and to exceptional standards. ABMC commemorative sites are completed works of civic art that reflect the Nation’s perpetual commitment to the service and sacrifice honored within them. The horticultural features defined by the original landscape architects are integral to these sites. They will be maintained in a manner that enhances a sense of awe and tranquility and that reflect their status as important heritage assets. We will use noble materials to preserve and maintain the structural features of our sites to a “like new” standard that appropriately honors those for whom they were erected. We will plan and execute infrastructure projects that support stewardship and preservation, actively seeking traditional craftsmen and trades, while evaluating state of the art techniques, technology and products that produce the same results.

We will Develop our Cultural and Historical Resources

We will actively collect and document archival, photographic, and dimensional materials that enhance scholarship in and interpretation of our mission and our heritage assets. To facilitate management of these assets at the highest professional levels, we will maintain a thoughtful, clear and relevant scope of collections policy and a collection management plan, and routinely document our historical property, allowing us to learn and share critical information with the public and our stakeholders. We will engage in comprehensive planning, including all aspects of collections management. These management activities will focus on professional standards and concepts of inventory, assessment, treatment and management, specifically targeted to areas of Heritage Assets Management such as architecture, landscape architecture, archival and museum sciences, material science, forensic archeology, anthropology and related fields.

These guiding principles will clarify our decision making and shape our way forward as a world class public history organization. When fully developed, our new strategic plan will signal a pivot in mission emphasis for the American Battle Monuments Commission.

For FY 2016, ABMC is requesting \$77.1 million in total budget authority and a 409 Full-Time Equivalent employment level. This request will support ABMC's Fiscal Year 2016 requirements. We are requesting \$75.1 million for Salaries and Expenses, and \$2.0 million for our Foreign Currency Fluctuations Account. The foreign currency account is required to retain buying power against currency losses and may only be used for the difference between the actual Treasury exchange rates and the Commission's budget rate. The recent strengthening of the dollar could indicate a lower foreign currency estimate. However, we cannot predict with certainty future exchange rates that may prevail at the time of payment. The Commission believes the foreign currency estimate is reasonable at this time.

The Commission began FY 2015 with an unobligated balance of \$23.0 million. These funds were allocated for projects that were planned, but not executed, within the originally envisioned fiscal year. We have begun aggressively executing these carryover balances and expect all of the funds to be obligated by the end of this fiscal year.

A large portion of the unobligated balance – \$10.7 million – is being used to replace heavily stained stone in the World War II and Korean War Courts of the Missing at our Honolulu Memorial. In the 1980's the stone was painted in an unsuccessful attempt to cover the stains. This was a mistake. Our standard is "like new", as reflected in our guiding principles—noble stone should not be painted. To return the memorial to an appearance appropriate to the sacrifice it commemorates, we will install a different stone that has the same beauty and coloring as the original and is acceptable to the historic preservation community in Hawaii, but that does not manifest the staining characteristics of the original.

We will continue our emphasis on maintaining the highest standard for our memorials and cemeteries, while providing a first class visitor education experience at each of our sites. I invite each of you to visit our commemorative sites on your future travels, to see for yourselves our stewardship of the resources provided to the Commission to execute the responsibilities assigned to us by the Administration and the Congress.

Thank you.

Mr. HALLINAN. Good afternoon, Mr. Chairman, Ranking Member Bishop, committee members. I am honored to be here. I am honored to present and testify with the gentlemen to my left and right. Former Senator Cleland was my old boss many years ago, and it seems like we just keep running into one another in our federal service. I am glad to be here. I do have a short oral statement that I will move to quickly if that is okay with the chairman and the committee.

Mr. Chairman Dent, Ranking Member Bishop, distinguished members of the subcommittee, thank you for the opportunity to present the President's budget for the Department of the Army, Cemetery Expense Program, fiscal year 2016. As the Executive Director, I am responsible for both Arlington National Cemetery and the U.S. Soldiers' and Airmen's Home National Cemetery. I assure you that the Army is committed to rendering public honor and recognition and dignified burial services for members of the armed service and their loved ones. On behalf of the cemeteries and the Secretary of the Army, I thank Congress for the support you have provided over these years.

Since the testimony to this committee 2 years ago, we continue to build upon our tremendous progress. We are setting industry standards for the best practices, and we have become a center of excellence, while working closely with our partner organizations, and I am honored to testify with each of them today.

The President's fiscal year budget 2016 recently increased Arlington's Budget Control Act funding level from \$45.8 million to \$70.8 million. This level of funding is adequate to maintain and sustain Arlington's operating budget into the foreseeable future, not including anticipated capital costs. The additional \$25 million for funding for infrastructure revitalization and sustainment is also sufficient to continue restoring facilities' infrastructure to a level befitting the Nation's premiere national shrine.

Our priority is to extend burials for Arlington as long as we possibly can. Since fiscal year 2011, we have been working to increase the burial capacity at the cemetery with three expansion projects.

Our first project, the construction of Columbarium Court #9, is complete and was dedicated in May of 2013, and it increased above-ground inurnments through the year 2024.

The second project, the Millennium Project, as you see with the map we provided with my written statement, is at the northern tip of the cemetery. This project is well underway and is on track to be completed in fiscal year 2016. It will increase our first interment capacity through the year 2036.

The final project I want to call attention to is the Southern Expansion, formerly referred to as the Navy Annex, which is located at the southern edge of the cemetery. The planning and design for this project has begun, and this project will extend the first interments in the cemetery through the 2050s. However, without enacted funding Arlington cannot move forward with the final phase of this expansion. Projected construction is estimated to begin in the 2018 timeframe at an estimated cost of around \$300 million.

Funding for this project has not yet been identified, and Arlington National Cemetery faces a challenge in resourcing this requirement as current congressional language prevents the Department

of Defense from using its funding for this requirement and Arlington National Cemetery's Budget Control Act level of funding is well short of the amount required.

In conclusion, Mr. Chairman, I thank you for your support for Arlington National Cemetery, for the capital investments that we truly need to sustain, maintain, and expand the national shrine. Thank you, and I look forward to answering any questions you and the committee have.

Mr. DENT. Thank you.



Biography

Department of the Army



Patrick K. Hallinan
Executive Director
Army National Military Cemeteries
Office of the Secretary of the Army
Arlington, VA



Patrick K. Hallinan, Executive Director, Army National Military Cemeteries, reports directly to the Secretary of the Army and is dual-hatted as a Headquarters, Department of the Army (HQDA) Staff Principal and Executive Director of the Direct Report Unit, U.S. Army Element Arlington National Cemetery.

Mr. Hallinan served as Superintendent, Arlington National Cemetery from October 2010 to July 2013. He was detailed from the Department of Veterans Affairs to the Department of the Army as Acting Superintendent from June 10, 2010 to October 10, 2010. Prior to his assignment at Arlington, Mr. Hallinan had served as the Director of the Office of Field Programs, National Cemetery Administration, Department of Veterans Affairs, since Oct. 20, 2008. As Director, Mr. Hallinan was responsible for the development and implementation of National Cemetery policy, procedures, and centralized guidance related to national cemetery operations, with a 2010 total budget of \$550 million. He had oversight responsibilities for five Memorial Service Network offices, 131 national cemeteries, entailing 3.1 million gravesites and 19,000 acres. He also had responsibility for the Memorial Programs Service, the NCA National Training Center, the NCA Human Resource Center, the NCA National Cemetery Scheduling Office, the First Notice of Death office and the National Safety Program. Prior to this assignment, he had served as associate director of the Office of Field Programs since June 15, 2003.

Mr. Hallinan joined the National Cemetery System as a temporary laborer at Long Island National Cemetery in New York in 1977. During a period of more than 36 years of cemetery service, he has held various positions from basic laborer to work supervisor, assistant cemetery director and director. He has had more than 27 years of direct supervisory experience. Mr. Hallinan is also one of the original 37 employees who opened Calverton National Cemetery in New York in September 1978.

Mr. Hallinan was selected to be the director of Calverton National Cemetery in August 1994. During his tenure, Mr. Hallinan and his employees were presented with the "VA Secretary's Award" by Secretary Anthony Principi for their dedicated efforts on behalf of Veterans' families whose loved ones were victims of the terrorist attacks in New York on Sept. 11, 2001. Mr. Hallinan was presented the

“1995 Leadership VA Award” by the VA Deputy Secretary Hershel Gober on Aug. 17, 1995 and on Sept. 26, 1996, and under Mr. Hallinan’s leadership, Calverton National Cemetery won the prestigious “Robert W. Carey Quality Award,” VA’s highest quality management award. He and the staff he lead received three VA Scissor Awards for cutting red tape and improving services on behalf of the Nation’s Veterans and their families. He was a finalist in the FY13 Presidential Rank Awards.

Before joining the Department of Veterans Affairs, Mr. Hallinan served as an infantry squad leader with the U.S. Marine Corps. His military service gives him more than 40 years of federal service. Mr. Hallinan is a Vietnam Era Veteran and a life member of the Disabled American Veterans (DAV).

Mr. Hallinan attended college under the G.I. Bill during the evening while working for the cemetery full-time during the day. He graduated from Suffolk Community College in Long Island with an associate’s degree in liberal arts and continued to pursue his education, completing a Bachelor of Arts degree in Social Science (pre-law) Magna Cum Laude.

As of August 2014

RECORD VERSION

STATEMENT BY

MR. PATRICK K. HALLINAN
EXECUTIVE DIRECTOR, ARMY NATIONAL MILITARY CEMETERIES

BEFORE THE

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS' AFFAIRS AND
RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES

FIRST SESSION, 114TH CONGRESS

RELATED AGENCIES HEARING: ARLINGTON NATIONAL CEMETERY

MARCH 18, 2015

NOT FOR PUBLICATION
UNTIL RELEASED BY THE
COMMITTEE ON APPROPRIATIONS

**STATEMENT BY MR. PATRICK K. HALLINAN
EXECUTIVE DIRECTOR, ARMY NATIONAL MILITARY CEMETERIES**

INTRODUCTION

Chairman Dent, Ranking Member Bishop and distinguished Members of the Subcommittee, thank you for the opportunity to provide an update on Arlington National Cemetery. We have worked diligently to extend and institutionalize the tremendous progress made since our last testimony before this subcommittee two years ago. We are setting industry standards for best practices, becoming a center of excellence, sharing our experiences and coordinating with other governmental agencies, helping ensure Arlington can serve our Active duty Service Members, Veterans, and their Families in the manner they have earned.

THE STATE OF ARLINGTON NATIONAL CEMETERY

Our primary objective is to continue to provide the final resting place for Active duty Service Members, Veterans, and their Families with dignity and honor while we maintain and sustain the existing infrastructure to prevent deferred maintenance requirements and expand Arlington National Cemetery to increase burial capacity. Over the past ten months, we have commemorated the rich history of the past 150 years since the first burial at Arlington National Cemetery. The team has identified and created industry-leading standards with auditable business practices and institutionalized them at Arlington National Cemetery. We have made additional improvements to our website and public facing applications design to enhance user experience and to provide interactive capabilities to the general public. We have

updated our master plan to detail the strategy for repairing and or replacing our aging infrastructure, and we have two significant projects underway to increase burial capacity at Arlington and extend the active life of the Cemetery.

Our team is dedicated to improving the Arlington experience for our visitors and perfecting our logistical and administrative best practices. We remain focused on our core mission – on behalf of the American people, lay to rest those who have served our Nation with dignity and honor, treating their Families with respect and compassion, and connecting guests to the rich tapestry of the Cemetery's living history, while maintaining these hallowed grounds befitting the sacrifice of all those who rest here. The pace of the requests for burials at Arlington National Cemetery remains at an all-time high, and our workforce is meeting the challenge.

CEMETERY EXPANSION AND INFRASTRUCTURE

The Army is committed to maintaining Arlington National Cemetery as the Nation's premier military cemetery and national shrine in perpetuity. We are also committed to keeping the cemetery active as long as possible to serve our Nation's Veterans and their Families. In line with those commitments, we continue to responsibly expand our capacity. After years of planning, in January 2014 we broke ground on our Millennium Project to expand the cemetery to the North. With the support of the US Army Corps of Engineers - Norfolk District, this important project is currently within budget and on schedule to be completed in 2016, and will provide the Cemetery and the Nation an additional 27,282 burial opportunities.

Likewise, we continue planning for expansion of the Cemetery to the South. In July 2014, again through the US Army Corps of Engineers – Norfolk District, we hired an Architect and Engineering firm to begin formal planning and design efforts for our intended “Southern Expansion.” This expansion will occur in the area formerly occupied by the Navy Annex. The Navy Annex is now demolished and the Army is negotiating the details of an appropriate transfer of land with Arlington County that will provide us the maximum contiguous burial space in this area. This project will appropriately honor and respect our Nation's Veterans and ideally extend our first interment capacity out to the 2050's.

The Cemetery staff continues to make progress repairing or replacing much of our outdated utility infrastructure. We continue to replace the waterlines throughout the Cemetery and we have repaired or plan to repair many of the Cemetery's roads in the next year. Tied to the repair of the roads is the repair and update of our storm water drainage system to ensure that we are removing storm water in an efficient and environmentally appropriate manner.

Great strides are underway as we improve the infrastructure that supports our operational capabilities. In October 2014 we began renovations of our Welcome Center to modernize the visitor's restrooms and to expand office spaces to improve the work environment for our employees. Additionally, planning and design efforts are well underway for the establishment of an ossuary called the Tomb of Remembrance. This critical project will allow us to provide the Nation with a dignified place to provide final disposition of cremated remains which may be comingled or unidentified. We expect to award the contract in July of this year and complete the project by early 2016. In

addition, we are focused on continuously improving the experience of each Family who arrives to inter their loved one. Redesigning and improving the manner in which we gather and escort our funeral processions is a critical goal for Fiscal Year 2015. A new Funeral Procession Queuing Area will make our funeral organization and lineup much more intuitive and easier to negotiate for the Veterans and Families we serve.

OPERATING IN THE CURRENT FISCAL ENVIRONMENT

The leadership at Arlington National Cemetery recognizes the current fiscal environment the government is operating in, and has made every effort to maintain, sustain and expand the cemetery within existing funding levels. The President's FY 2016 Budget recently increased Arlington's Budget Control Act (BCA) funding level from \$45.8M to \$70.8M, and this level of funding is adequate to maintain and sustain Arlington's Operating Budget into the foreseeable future, not including anticipated capital costs.

Sufficient funding exists to pay salaries, fund annual contracts, supplies, training and travel in order to maintain the current operating level at Arlington National Cemetery. The additional \$25M in funding for infrastructure revitalization and sustainment is also sufficient to continue restoring facilities and infrastructure to the level befitting the Nation's Premier National Shrine. Arlington National Cemetery with the assistance of this committee has funded \$60M of the initial \$75M in the backlog of infrastructure revitalization projects identified in the 2010/11 timeframe. In January 2015, we recently completed a 10-year Capital Investment Strategy and provided a copy to this committee. The strategy identifies how Arlington National

Cemetery will gradually shift funding from replacing or restoring infrastructure to sustaining our existing facilities to prevent the development of future backlog of repair and maintenance projects.

Increasing capacity at the Cemetery has been underway since FY11 with the first of three expansion projects, Columbarium Court #9, built on already existing Arlington National Cemetery property and increasing Arlington's above ground interment through 2024, was dedicated on May 9, 2013. The next phase of the Arlington National Cemetery expansion program, the Millennium Project which was funded in FY13 at \$81.8M, is well underway and is on track to be completed in FY16; on time and within budget, extending Arlington's first interment capacity through 2035. Planning and design of the third, and final phase, of the cemetery expansion has begun for the Southern Expansion (formerly referred to as the Navy Annex), which will extend first interments through the 2050s. However, without enacted funding, Arlington cannot move forward with the final phase of this expansion effort. Projected construction is estimated to begin in the FY 18 timeframe at an estimated cost of around \$300M. Funding for this project has not yet been identified and Arlington National Cemetery faces a challenge in resourcing this requirement as current Congressional language prevents the Department of Defense from using its funding for this requirement and Arlington National Cemetery's Budget Control Act level of funding is well short of the amount required.

FUNDING UNCERTAINTY

As with most Federal organizations, Arlington is facing fiscal uncertainties ranging from furloughs during government shutdowns to funding unforeseen

emergencies. Prior to FY13, ANC was funded with no-year or x-year funds which enabled us to remain open during government-wide furloughs and the ability to fund emergency-like requirements, such as water main breaks or collapsing roads. There is approximately \$7M remaining in previous no-year funds and we expect that funding to be exhausted by the end of FY16. Arlington National Cemetery's Cemeterial Expenses, Army account is contained in Title III of the Veterans Affairs and Related Agencies Appropriation Bill and is the only user of this account. A future furlough or funding emergency could jeopardize our ability to remain open and operational in order to support our Active Duty Service Members, Veterans and Families or to address an unanticipated emergency exceeding our available funding. In order to ensure operational continuity, it would be more operational efficient if our budget returned to no-year funding, as it was before FY13, which is also consistent with American Battle Monuments Commission funding; another small account in the Veterans Affairs and Related Agencies Appropriation providing cemeterial support to our Nation's Veterans.

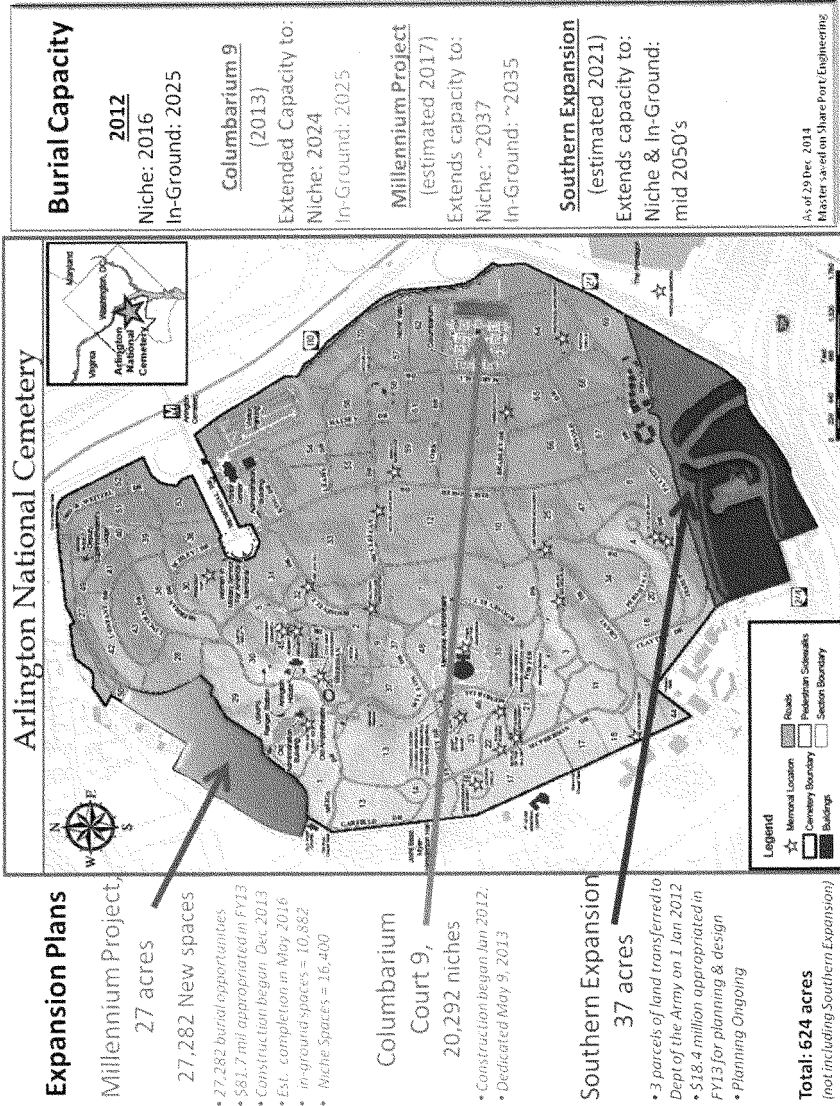
Throughout my tenure, Arlington has remained resolute to scrupulously use every dollar our Nation provided. Our meticulous efforts reconciling prior year accounts resulted in Arlington recovering over \$33M, benefitting Arlington across all aspects of our mission and demonstrating our fiscal stewardship. Both Columbarium Court #9 and our improved Information Technology Enterprise Architecture were fully funded by prior year recoveries. For burial operations, these recoveries allowed us to purchase proper turf-friendly equipment; minimizing the impact of older, heavier equipment on the Cemetery grounds and helping our

workforce meet the exacting burial industry standards. Returning Arlington National Cemetery's budget to no-year funding will ensure we have the flexibility and predictability to address fiscal uncertainties in order to maintain Arlington National Cemetery as a National Shrine and to provide services to our Nation's Active Duty Service Members, Veterans, their Families, and the American public.

Conclusion

Under the proactive support and leadership of the Secretary of the Army, through diligent efforts, adherence to established policies, repeatable processes, embedded technologies, and institutionalized standards, Arlington will sustain the sacred trust of the American people. In conjunction with the Military District of Washington and all our military service partners, the military service chaplains and the Arlington Ladies, along with the dedicated staff at Arlington National Cemetery, we can assure the Nation of this: Every burial service at Arlington National Cemetery will continue to be conducted with the honor and dignity our service members have earned, and their Families will be treated with respect and compassion.

We appreciate the support of the subcommittee and I look forward to answering any questions you may have.



Mr. DENT. Judge Kasold.

Judge KASOLD. Thank you, Mr. Chairman, Mr. Bishop, members of the committee. It is a pleasure to testify before you today on our budget and with this distinguished panel.

I would like to note that I have with me Judge Hagel, who will be the Chief Judge come this August when I finish my term as Chief Judge. We also have Judge Bartley and Judge Pietsch, who have come here today, as well as the clerk of our court, Greg Block, and the person who prepares our budget, very important, Eva Armah.

I will summarize. We are asking for a little over \$32 million, which is about a \$700,000 increase over the prior year. This committee and our authorizing committees have been very supportive of the Court. This is very adequate funding for the numbers that we have had and the numbers that we project over the next year for the fiscal year 2016.

The one point I would like to make is that we are permanently authorized seven judges. We are temporarily authorized nine judges. We revert to eight judges this August when one of those judges retires. This budget includes funding for nine judges. I coordinated that with the staff of the Appropriation Committees. I have talked to the authorizing committees. There is already legislation on the House side to reauthorize nine judges temporarily through 2020, I believe. I want to make that point clear. The expense is about a million dollars for each judge, including the five staff that support the judge.

And the rest of the budget is pretty straightforward, I believe. I will answer any questions that you have when we get there. Thank you, Mr. Chairman.

Mr. DENT. Thank you.



Chief Judge Bruce E. Kasold

Chief Judge Kasold was appointed as a Judge of the United States Court of Appeals for Veterans Claims by the President of the United States on December 13, 2003. Judge Kasold took the oath of office on December 31, 2003. He became Chief Judge on August 7, 2010.

Before his appointment to the bench, Judge Kasold served as Chief Counsel for the Secretary of the Senate and Senate Sergeant at Arms. In that non-partisan position, he advised Senate leaders on general legal matters and issues at the forefront of the of the nation's political landscape, including the electoral college, impeachment of the President, and historical management of an evenly divided Senate.

Judge Kasold also served as Chief Counsel for the Senate Committee on Rules and Administration, where his work included marshaling the Senate's largest series of campaign finance hearings in a decade and conducting an investigation of allegations of state election fraud.

Prior to working in the Senate, Judge Kasold was a commercial and government contracts litigation attorney with the law firm Holland & Knight. Judge Kasold is also a retired United States Army Lieutenant Colonel, with service in the Air Defense Artillery and Judge Advocate General's Corps.

Judge Kasold earned a Bachelor of Science degree from the United States Military Academy, and a Juris Doctor, cum laude, from the University of Florida. He also holds an LL.M. from Georgetown University and an LL.M. equivalent from the Judge Advocate General's Graduate School. He is admitted to practice before the United States Supreme Court, the Florida Supreme Court, and the District of Columbia Court of Appeals. He is a member of the Florida Bar, the District of Columbia Bar, the Federal Bar Association, and the Order of the Coif.

Judge Kasold is married to the former Patricia Ann Gatz, and they have a son, Adam.

STATEMENT OF
THE HONORABLE BRUCE E. KASOLD, CHIEF JUDGE
U.S. COURT OF APPEALS FOR VETERANS CLAIMS

FOR SUBMISSION TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON MILITARY CONSTRUCTION, VETERANS AFFAIRS,
AND RELATED AGENCIES

MARCH 18, 2015

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE SUBCOMMITTEE:

I am pleased to appear before you and present testimony on our fiscal year (FY) 2016 budget request and performance plans of the United States Court of Appeals for Veterans Claims. My remarks today will (1) summarize our budget request, (2) provide an overview and update on the Court, its caseload, and its operations, and (3) reiterate our support for a Veterans Courthouse.

I. Budget Request

The Court's FY 2016 budget request totals \$32,141,000. This request is comprised of two parts – the Court's necessary overall operating expenses of \$29,641,000, and a request by the Veterans Consortium Pro Bono Program (Pro Bono Program) for \$2,500,000. Since FY 1997, the Legal Services Corporation/Pro Bono Program's budget request has been provided to Congress as an appendix to the Court's budget request, although the Court functions merely as a pass-through for that amount. Accordingly, I offer no comment on that portion of our budget request.

As to the Court's overall operating expenses, our FY 2016 request reflects an increase of \$755,000 over our FY 2015 request. This variance reflects increases of (1) \$325,000 in personnel compensation, (2) \$330,000 in operating expenses, and (3) \$100,000 in the statutorily required

contribution to the Court of Appeals for Veterans Claims Retirement Fund (Retirement Fund). More specifically:

(1) For FY 2016, the Court requests \$18.306M for Personnel Compensation and Benefits, an increase of \$325,000 from FY 2015. The Court requests staffing for 126 full time employees, unchanged from FY 2015. The Court's personnel and benefits appropriation request covers salary, health benefits, insurance, employee matching contributions to the Thrift Savings Plan, and routine promotions and cost-of-living adjustments. Of note, the Court's authorized number of judges reverts from 9 to 7 as the next two judges retire or otherwise leave their positions. One judge has announced his retirement, effective this August, so we revert to 8 judges at that time. Our FY 2016 budget request, however, includes funding for a 9th judge and standard chambers supporting staff of 5. This is in anticipation of legislation that will re-authorize 9 judges; this was coordinated with your staff.

The Court continues to experience efficiencies from electronic filing and case management. While new filings were down somewhat at the start of FY 2014, as of mid-FY 2014, the number of appeals filed is again on the rise. We anticipate this recent trend will continue as the VA's Board increases the number of decisions it renders each year. Thus, we project the need to maintain our present FTEs.

Additionally, our FY 2016 budget request reflects a reclassification of three of the unfilled positions from docket clerks (CS-9) to judicial law clerks (CS-13), which accounts for part of our increased funding request. These clerks likely will be hired as our caseload increases and as our Senior Judges are recalled.

(2) For FY 2016, the Court requests \$7.734M for all other operation expenses ("Other Objects"), an increase of \$330,000 from FY 2015. These funds are used to satisfy the Court's daily

operational needs, and to cover such expenses as rent, contract services, communication and utility expenses, equipment, furniture, supplies, subscriptions, travel and transportation, and printing expenses. These expenditures allow the Court to maintain all of its essential service agreements, and support enhanced IT initiatives aimed at stability and security. The increased request in Other Objects for FY 2016 results primarily from the Court's comprehensive review of our Continuity of Operations Plan (COOP) and the determination that we could advance work (and therefor funding) toward implementation of a secure, virtual desktop infrastructure and video conferencing capability.

(3) For FY 2016, the Court requests \$3.6M for the statutorily required contribution to the Court of Appeals for Veterans Claims Retirement Fund (Fund). This request is \$100,000 higher than the FY 2015 request. Per title 38 U.S. Code, section 7298, the Chief Judge of the Court is charged with securing an "annual estimate of the expenditures and appropriations necessary for the maintenance and operation of the fund." The Court contracts with an actuary to provide guidance on how best to comply with obligations related to maintaining the Fund, and the FY 2016 budget estimate is based on that actuarial estimate.

II. The Court, its Caseload, and its Operations

As many of you know, the veterans' benefits process, administered by the Department of Veterans Affairs (VA), operated for many years without any right by a veteran to independent judicial review of a decision by VA on a claim. Ultimately, in 1988, Congress established the U.S. Court of Veterans Appeals, now the U.S. Court of Appeals for Veterans Claims, as an independent appellate court that would handle only veterans benefits cases, applying general principles for appellate review of agency final decisions. Since then, a coherent body of specialized veterans law

jurisprudence has been developed, and we are now into our 27th volume of law in the West Reporter Series: West's Veterans Appeals Reporter.

In a nutshell, a claim for veterans benefits proceeds as follows: A veteran or a qualifying family member files a claim with VA. The VA claims process is designed as a paternalistic one, and the Secretary is charged with assisting the claimant to substantiate his or her claim by gathering evidence and providing medical examinations when needed. If dissatisfied with the initial decision, the claimant may seek additional review that includes an appeal to the Board of Veterans' Appeals (Board). The Board is as an independent adjudicative body within VA and it reviews a claim without deference to the initial decision. Following any adverse decision by the Board, the claimant may seek appellate review at the Court as a matter of right. At this point, the claimant leaves the paternalistic agency claims process and enters the traditional, adversarial realm of judicial review.

An appeal is initiated at the Court by filing a notice of appeal within 120 days after the date of the Board decision. After identifying and assembling the record upon which the appeal is based, the parties generally participate in a staff conference with an attorney from the Court's Central Legal Staff (CLS). The CLS attorney's role is to work with the parties to refine the contested issues, and when possible to assist the parties in reaching a mutually agreed upon resolution of the matter prior to involvement by a judge – generally a joint agreement to set aside the Board decision and remand the case to the Board for further development and readjudication.

If the case cannot be resolved, the parties prepare written briefs, and may request oral argument before the Court. During this period of administrative processing – which is common to all appellate courts – unrepresented (pro se) appellants frequently obtain counsel. In FY 2014, about

1/3 of the appeals were filed by appellants without representation, but the number of cases where the appellant remained unrepresented at the time of decision dropped to 15%.

Once all briefs are filed, the appeal is forwarded to a judge for decision. The assigned judge, with the assistance of law clerks, reviews the case to consider whether it presents a novel issue requiring a panel decision or whether it involves the application of settled law. If the former, the case is assigned to a panel of three Judges who decide the matter with or without oral argument by the parties. If the case involves the application of settled law to the facts, a single judge is permitted to decide the case and issue a memorandum decision. This single-judge decision authority is essential to the Court's ability to handle its formidable caseload.

Prior to issuance, all decisions are circulated among all of the judges for review, and in the case of single-judge decisions, any two judges may call the case for panel review and a panel is thereafter assigned to decide the appeal. This process helps assure uniformity in the application of the law. Circulating decisions of panels may be called for consideration by the full court when it is believed that the proposed opinion addresses issues of exceptional importance or creates a conflict in the Court's jurisprudence that must be resolved by the Court as a whole. Further, either party may request reconsideration and/or panel review of a single-judge decision once it is issued. Thus, the Court's rules permit single-judge decisions in an effort to expedite case dispositions, but safeguards exist to ensure that single-judge decisions are supported by existing precedents.

Following a final decision of our Court, an additional appeal to the U.S. Court of Appeals for the Federal Circuit may be filed. The Federal Circuit has limited jurisdiction and may review questions of law but not application of law to facts. Following review in the Federal Circuit, either

party may seek review by the U.S. Supreme Court, which over the past 25 years has considered four cases from our Court.

Since its creation in 1988, the Court has become one of the busiest federal appellate courts based on the numbers of appeals filed and decided per judge. Up until about ten years ago the Court received roughly 2,200 appeals annually. That number began to rise significantly in FY 2005, reaching a high of over 4,700 appeals filed in FY 2009. As I noted earlier, the number of appeals filed at the Court had trended down for a period, but it is again on the rise – a product of the number of decisions by the Board. For example, in FY 2013, the Board rendered about 42,000 decisions, but in FY 2014, the Board decided over 55,500 appeals. The Board projects that it will decide over 57,000 in FY 2015. The number of appeals being filed at the Court already is on a path to 4,500 or more this calendar year, with projections of continued growth thereafter.

III. 'The Veterans Courthouse Project

Although our Court has very fine office space and accommodations and although we have not budgeted for a Veterans Courthouse, we stand with Congress in its intent to build a "dedicated courthouse [] symbolically significant of the high esteem the Nation holds for its veterans [that would] express the gratitude and respect of the Nation for the sacrifices of those serving and those who have served in the Armed Forces, and their families" as stated in H.R. 3936 (2004), and "to provide the image, security, and stature befitting a court that provides justice to the veterans of the United States" as stated in S. 1315 (2008).

Until 1988, veterans remained the only group of citizens who could not routinely challenge adverse decisions on their claims in court, and today their Court is the only federal appellate court without its own courthouse. As some of you will recall, Congress was very close to appropriating

funds for the courthouse in our FY 2010 appropriation, but circumstances combined to warrant delay. Specifically, the General Services Administration's estimated cost virtually doubled from the time of our FY 2010 budget testimony before this committee and passage of the FY 2010 appropriations bill, and at the same time the Nation realized it faced a fiscal crisis.

Throughout this postponement period, we have maintained our support for the many Veterans Service Organizations and veterans at large who believe if any federal courthouses are to be funded for construction, their courthouse should be one of them. To that end, we are reinitiating our efforts to find a suitable and proper location for a Veterans courthouse that would help convey the country's gratitude to those who, in Abraham Lincoln's words, have "borne the battle, and for his widow, and his orphan."

IV. Conclusion

On behalf of the judges and staff of the Court, I express my appreciation for your past and continued support, and for the opportunity to provide this testimony today.

Mr. DENT. Mr. McManus.

Mr. McMANUS. Mr. Chairman, I would also like to recognize two individuals that came with me, our Resident Advisory Committee Chair, Phil Ford, and my CFO, Vicki Marrs.

Mr. Chairman and members of the subcommittee, as the Armed Forces Retirement Home Chief Operating Officer, I appreciate the opportunity to appear before you today and present the Armed Forces Retirement Home fiscal year 2016 budget request. The homes are financed by appropriations drawn from the Trust Fund. Today AFRH residents are veterans who have served in every military campaign since World War II.

For almost a decade, AFRH management has worked to strengthen the Trust Fund through cost-reduction efforts. In recent years we have reduced operating costs and undertaken several major construction projects. Our duty is to preserve the assets in the Trust Fund while taking withdrawals at great discretion. The Trust Fund is funded by fines and forfeitures, resident fees, 50-cents monthly payroll withhold from Active Duty, interest from securities, estates, and gifts, and sales or lease.

AFRH operations continue to require strong fiscal management. Over the last several years, we have experienced unanticipated reduction in our largest revenue stream, fines and forfeitures. In 2009 we were funded at or received revenue in total of \$41 million. At the end of 2014 we had \$28 million, a significant reduction in a very short period of time. AFRH carefully tracks and projects revenue using historical trends and has never experienced this reduction of this magnitude, even if you go back to as far back as the Korean War when they had reductions after the Korean War, they never received this significant reduction.

Because of the unanticipated loss in revenue, operating costs have exceeded revenue itself, significantly reducing the Trust Fund balance. With the assistance of DOD leadership, AFRH is planning to implement initiatives in 2016 that will assist in rectifying the situation to ensure long-term Trust Fund solvency. We are planning to implement a reasonable and equitable resident fee. We are also planning to increase the 50-cents Active Duty monthly withholding to a dollar. We are initiating an audit of fines and forfeitures for the last 3 years to ensure that the amounts being collected are actually coming to AFRH. And we are implementing our Washington, D.C., master plan to lease 80 acres of underutilized property on our southeast corner for development.

Our budget request of \$64.3 million for 2016 includes \$63.3 million O&M and \$1 million in capital. The O&M request requests reflects \$900,000 increase above the 2015 level, and the capital request is constant at \$1 million.

The fiscal year 2016 O&M budget request also allows the AFRH to continue meeting the Centers for Medicare and Medicaid Services' recommended increased staffing ratio for our upper levels-of-care residents. The staff ratio increased nursing staff/resident ratio from 3.5 to 4.1. To officially meet this requirement, additional nursing staff personnel hires have been programmed.

Despite increasing our upper-levels-of-care nursing staff, the AFRH has also implemented key initiatives to contain healthcare costs by keeping our residents in their independent living rooms

environment longer. Our highly successful pilot program, Independent Living Plus, will be established as a permanent level of care in 2015. In 2016 we will go for accreditation with the Joint Commission.

Our ILP program provides basic living assistance for residents who need additional care and allows them to remain independent longer. This program is a cornerstone strategy in AFRH's Aging in Place initiative. During fiscal year 2014 this pilot program allowed over 100 residents to remain independent in their current room.

As previously discussed, the solvency of the Trust Fund is our most crucial challenge. Our best option for increasing the Trust Fund is our aggressive pursuit of leasing underutilized Washington property. This effort should take place by the end of 2017.

In summary, we believe that fiscal year 2016 will continue to show benefits and cost containment for our new energy-efficient buildings, reduce Washington campus footprint, and cost-saving initiatives. As we close fiscal year 2014 and begin 2015 on a positive note, including initiatives to bolster our revenue, we are continuing our focus on vibrant and economical operations for our heroes that we serve, welcome new residents to enjoy the benefits of the homes, and focus on greater independence for our residents.

I respectfully request the subcommittee's favorable consideration of our 2016 budget and thank you for the opportunity to address the subcommittee. Mr. Chairman, this concludes my testimony.

Mr. DENT. Thank you, Mr. McManus.



STEVEN G. McMANUS
Chief Operating Officer
Armed Forces Retirement Home

Mr. Steven G. McManus is assigned to the Armed Forces Retirement Home (AFRH), serving as the Chief Operating Officer, effective September 26, 2011.

Responsible to the Secretary of Defense for the overall authority, direction, control, operation and management of AFRH, Mr. McManus sets the

Agency's Strategic Goals and Business Plans, manages the day-to-day operations and administration of its two facilities — the Armed Forces Retirement Home-Washington and Armed Forces Retirement Home-Gulfport — and ensures compliance with Congressional legislation and appropriate rules for the operation of the facilities. He is responsible for all facets of policy, advocacy, and oversight pertaining to the delivery of quality programs and services throughout the Agency's Continuing Care Retirement Community.

Prior to his appointment, Mr. McManus was designated as the Acting Chief Operating Officer of AFRH (January 2011) to ensure a smooth leadership transition while retaining his Senior Executive Service positions as Deputy COO and Chief Financial Officer.

Having served at all levels of AFRH management during his 12 years with the Agency, Mr. McManus has held policy, advocacy, fiscal, human resource management, and oversight roles, thereby gaining a unique Subject Matter Expert-level of understanding and appreciation of the interests and needs of aging military veterans and other stakeholders in the Continuing Care Retirement Community, including Long-term care, Assisted Living, Memory Support, and Independent Living.

It was while serving as CFO of the Washington, D.C. facility (from 2002 to 2008) that Hurricane Katrina swept through the Gulf in 2005, necessitating the evacuation of all residents of the Gulfport facility. Mr. McManus deftly oversaw the relocation of those residents to the Washington D.C. facility, and the ultimate construction and establishment of a new Gulfport facility begun in 2008 and re-opened in 2010. His skill at networking and collaborating with Advisory Boards, Civilian Accrediting Agencies, Community, Congress, and USG Agencies has nowhere been more evident than in the resurrection of an even stronger and more modern Gulfport facility.

Prior to his positions at AFRH, Mr. McManus was Deputy Director for Business Resources, Office of Secretary of the Army for Financial Management and Comptroller, Washington, D.C. (Jan. to Mar. 2002).

Earlier, Mr. McManus served 25 years active duty in both the enlisted and officer ranks of the Army, at the base and major command levels. He holds a Bachelor of Science degree from the United States Military Academy, West Point, New York, and Master of Business Administration with special emphasis in Finance and Accounting from Regis University, Denver, Colorado. He has received numerous performance awards in both his military and Federal careers.

PREPARED STATEMENT

OF

Mr. Steven G. McManus

Chief Operating Officer

ARMED FORCES RETIREMENT HOME

BEFORE

**THE SUBCOMMITTEE ON MILITARY CONSTRUCTION,
VETERANS AFFAIRS AND RELATED AGENCIES**

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

ON

18 March 2015

INTRODUCTION

Mr. Chairman and Members of the Sub-Committee, as the Armed Forces Retirement Home Chief Operating Officer, I appreciate the opportunity to appear before you today and present the Armed Forces Retirement Home's Fiscal year 2016 Budget Request.

The 1991 Defense Authorization Act, Public Law 101-510, created an Armed Forces Retirement Home (AFRH) Trust Fund to finance our two facilities located in Gulfport, Mississippi and Washington, DC. The Homes are financed by appropriations drawn from the Trust Fund. Today, as well as for nearly two centuries, the Armed Forces Retirement Home has been a haven for eligible military service members in their golden years. Our Nation's leaders in the early years of our country pledged to support our veterans for risking their lives to preserve democracy. AFRH proudly continues to uphold this promise.

Today AFRH Residents are veterans who have served in every military campaign since WWII. The Residents are military retirees (81%), non-retired service-connected disabled veterans (3%), non-retired veterans who served in a war theater (11%), or women who served before 1948 (5%). We are proud to

serve veterans from all branches of the military—Army (31%), Navy (31%), Marines (4%), Air Force (33%) & Coast Guard (1%).

FY 2016 BUDGET

The AFRH's operations and capital improvement budgets, appropriated by Congress, utilize funds withdrawn from the AFRH Trust Fund. For almost a decade, AFRH management has worked to strengthen the Trust Fund through cost reduction efforts. In recent years, AFRH management has reduced operating costs and undertaken several major construction projects. Our duty is to preserve the assets in the Trust Fund while taking withdrawals with great discretion. The Trust Fund is funded by:

- Fines & Forfeitures charged to military personnel for misconduct (54%)
- Resident Fees (26%)
- 50 cent monthly payroll withholding from active duty military personnel (14%)
- Interest on AFRH Trust Fund investments (4%)
- Estates and gifts (1%), and
- Sale / Lease of property (1%)

In addition to our recurring Trust Fund revenue, Congress and the President provided \$236M in emergency funding to rebuild our Gulfport facility damaged

by Hurricane Katrina and \$14.6M in emergency funding to make significant repairs to our historic Washington DC Sherman building which was severely damaged during the 2011 earthquake.

AFRH operations continue to require strong fiscal management. Over the last several years AFRH has experienced an unanticipated reduction in our largest revenue stream—Fines & Forfeitures, which peaked in FY 2009 at \$41M and has declined to \$28M in FY 2014. AFRH carefully tracks and projects revenue using historical trends and has never experienced a reduction of this magnitude. Because of this unanticipated loss in revenue, operating costs have exceeded revenue, significantly reducing the Trust Fund Balance.

Unfortunately, operating and capital expenditure costs will continue to increase each year due to the rising costs of health care, AFRH's largest cost driver, and annual inflation. Health care costs encompassed 33% of our FY 2015 operating budget and are anticipated to increase 4% in FY16.

With the assistance of our DoD leadership, the Office of the Secretary of Defense (OSD) Personnel & Readiness (P&R), AFRH is planning to implement initiatives in FY 2015 that will assist in rectifying this situation and ensure long-term Trust Fund Solvency.

- We are planning to implement a reasonable and equitable Resident Fee increase for AFRH Residents at all levels of care. We anticipate that

the fee increase would provide approximately \$1.4M in additional annual revenue. This increase would be the first one since the current fee structure was established by legislation in 2002. Of course, prior to implementation of the Resident Fee increase, we will comply with Congressional notification requirements associated with any Resident Fee increase.

- We are also planning to increase the 50 cents active duty monthly withholding to \$1/month for DoD and U.S. Coast Guard Service Members. This increase would be the first in active-duty withholding since 1977. We anticipate the withholding increase would generate an additional \$7M annually in FY 2016 and out years.
- We are initiating an audit of Fines & Forfeitures for the last three years to ensure the amounts collected by the services are being properly transferred to AFRH. The results of this audit will not only validate the significant reduction in this revenue but also assist in refining revenue projections.
- We are implementing our Washington DC Master Plan to lease 80 underutilized acres in our southeast corner for development. The Master Plan was approved in 2008 but was placed on hold due to the downturn in the DC real estate market. The leasing of this property

will generate additional revenue and reduce costs to maintain the property. The potential revenue from the lease of this land will not be known until developer proposals are received and reviewed.

Our Budget Request of \$64.3 million for FY 2016 includes \$63.3 million for annual Operations and Maintenance (O&M) and \$1 million in Capital Improvements. The O&M request reflects a \$900K increase above the FY 2015 funding level and the Capital request of \$1 million remains constant.

The slight increase in O&M requested in the FY 2016 Budget Request enables AFRH to absorb the rising costs of health care, continue providing the same services to our Residents, and assists AFRH in meeting our strategic goals. In addition to AFRH cost containment efforts, AFRH has realized decreased O&M costs with the reduction in our Washington DC footprint by closures of both the Washington DC Power Plant and Washington DC LaGarde Facility. We have also achieved energy efficiencies through our Green Leadership in Energy and Environmental Design (LEED) facilities at both Gulfport and Washington.

The FY 16 O&M budget request also allows AFRH to continue meeting the Centers for Medicare & Medicaid Services recommended increased staffing ratio for our upper-level care residents. The staff ratio increased the nursing staff/resident ratio from 3.5 to 4.1 hours per day. Currently AFRH is meeting

this requirement with extensive contract support and mandatory federal employee overtime. To efficiently meet this requirement, additional nursing staff personnel hires have been programmed. The additional nursing staff hires are a key component to ensure our Veterans receive the services they require providing better health care and a safer environment for our upper-level Residents who require nursing assistance.

Despite increasing our upper level care nursing staff, AFRH has also implemented a key initiative to contain health care costs by keeping our Residents in their independent living environment longer. Our highly successful pilot program, Independent Living Plus (ILP), will be established as a permanent level of care in FY 2015. Our ILP program provides basic living assistance for Residents who need additional care and allows them to remain independent longer. ILP services can include medical monitoring, medicine management, grooming assistance or housekeeping services. Offering this intermediate step is advantageous to both AFRH and Residents, and is a cornerstone strategy in AFRH's Aging-in Place initiatives. During FY 2014, our Pilot ILP program allowed over 100 Residents to remain independent living residents in their current room. Prior to the introduction of this program, Residents requiring additional assistance were moved to Assisted Living with higher costs for both the Resident and AFRH.

AFRH completed a revitalization that culminated after 11 years of strategic planning. The revitalization included upgrading facilities, rightsizing the AFRH—Washington DC footprint, reducing O&M costs and moving towards Person Centered Care (PCC). With visionary planning by staff members and business partners, many Agency objectives have been realized. In addition to our two emergency funded projects, the AFRH Trust Fund supported replacing the 1950's Scott Building with a modern, energy efficient, ADA compliant new building in 2013. These combined projects produced two state-of-the-art facilities to better serve our Veterans and standardized Gulfport and Washington DC facilities.

With the revitalization effort at both Campuses complete, the \$1M Capital request supports the Washington Master Plan lease initiative, infrastructure improvements, sustainability, and emergency repairs for both facilities. The Gulfport facility presently requires fewer capital improvement since the entire facility was constructed and opened in 2010. The Washington capital improvement projects focus on two key infrastructure projects—designing a replacement for our aging water pipes and installing a Campus irrigation system which draws water from our pond vice from potable water. This would significantly reduce our water consumption for grounds maintenance.

CHALLENGES

Trust Fund Solvency--As previously discussed, the solvency of the AFRH Trust Fund is our most crucial challenge; however, we are confident the steps currently being implemented will support rebuilding our Trust Fund Balance. Our best option for increasing the Trust Fund balance is our aggressive pursuit of leasing the underutilized AFRH-Washington property. This effort should take place by the end of FY 2017. However, we will not recommend leasing the land unless the market dictates, and the lease will generate adequate Trust Fund revenue to continue AFRH mission for future generations. We will also comply with all required congressional notifications accordingly.

Health Care—AFRH has made significant progress as we continue to serve our current Residents and evolve to meet the needs of the next generation of eligible military veterans. Since 2002, we have been transforming AFRH to meet the changing needs of our Residents. In recent years, AFRH Leadership and staff at both Homes have been reshaping resident care from traditional retirement care to Person-centered Care--a significant shift in our delivery of services and a change for both our Residents and Staff. In our PCC environment, we work hard to fulfill each Resident's personal needs in a careful,

supportive manner developing individual Resident plans of care. This approach helps us deliver meaningful services that are tailored to the individual needs of our Residents and affords them additional choices. The positive impact of offering PCC is evident in our Resident Surveys as reported in our FY 2013 & 2014 Performance & Accountability Reports. In addition to our Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation for our Independent Living level of care which AFRH has maintained since 2008, AFRH is proud to report both Campuses received The Joint Commission (TJC) Accreditation in FY 2014 for ambulatory care and nursing care—the gold seal of health care accreditation. This accreditation ensures our Residents are receiving the highest level of care. This accomplishment was achieved through the efforts of our dedicated and committed staff and is a significant achievement in validating the outstanding care provided to our Residents at all AFRH levels of care.

CONCLUSION

In summary, we believe that FY 2016 will continue to show benefits and cost containment from our new energy efficient buildings, reduced AFRH-Washington footprint and cost saving initiatives. As we closed FY 2014 and begin 2015 on a positive note, including initiatives to bolster our revenue, we

are continuing our focus on a vibrant and economical operation for the heroes we serve and welcoming new Residents to enjoy the benefits of the Homes.

Two hundred years ago America's leaders made a promise to care for its aging Veterans. Today that tradition endures with a focus on greater independence for our Residents which we confidently believe aligns with the vision of our forefathers. I respectfully request the Subcommittee's favorable consideration of our FY 2016 Budget and thank you for the opportunity to address the subcommittee. Mr. Chairman, this concludes my testimony. I will be pleased to respond to questions from the subcommittee.

INTERPRETIVE PROGRAMS

Mr. DENT. I know you are preparing for some pretty big visitors tomorrow. Is that right?

Mr. McMANUS. We are, sir. We are looking forward to it, having the Prince come out, plus the Duchess of Cornwall. Should be a good visit.

Mr. DENT. I am sure. I look forward to learning about it.

Secretary Cleland, as we discussed last week, and as you highlight in your testimony here today, the importance of interpretive work, or telling the story, I think, as you like to say, of those who sacrificed in the wars that are 70 to 100 years in the past. This subcommittee has strongly supported the Battle Monuments Commission's efforts for all visitors to understand the significance of the people, the place of the cemetery or the monument, and that is what touches us. Your fiscal year 2016 budget request for interpretive programs is \$7 million, more than double last year's funding level of \$3.1 million, I believe.

Please tell us about the educational programs that you have initiated and what the budget increase will buy, and describe what we will see and experience and when we will visit one of the new centers.

Mr. CLELAND. Yes, sir. Thank you very much for highlighting the interpretive program. The Park Service calls it interpretation. We call it telling the story. I have felt, and maybe it is because I am a history guy, but I have felt that the American Battle Monuments Commission is really America's premier storyteller of our story abroad, and we fail if we don't tell that story every way we can and every time we can.

For the details that you point out and request, I have three people here that can relate to that. First of all, the Deputy Secretary, Rob Dalessandro; secondly, Matthew Beck; and third, Mike Conley might want to chip in.

Rob, why don't you take it.

Mr. DALESSANDRO. Thank you, sir.

Mr. Chairman, Rob Dalessandro, and I am the Deputy Secretary of the American Battle Monuments Commission, and it is a pleasure to have the opportunity to talk to you, ladies and gentlemen, about something that is so near and dear to our hearts, and that is this interpretive mission.

Some people think that ABMC exists to maintain the cemeteries and memorials overseas. But far larger is our mission to be a voice to those generations that can't speak. I am talking about the World War I generation, we have already lost that generation, and the World War II veterans that are leaving us in great numbers.

To your question. Most of the money that is tied up in interpretation is devoted to new visitor centers that will open. We opened the Normandy visitor center. It has been a tremendous success. Didn't increase visitation, but it greatly enhanced visitor experience and provided context.

What we have found in the last few years is that Americans lack context. If you go to a place like Henri-Chapelle or to Tunis, we get asked, why are these people resting here? We want to provide that background.

We have three upcoming projects that are critical. All of them are near and dear to our hearts. Those projects will highlight the centennial of World War I, two of them. There will be a project that will cover the troops in the north. We detached a corps, part of a corps, and two divisions to the British in World War I. That is the 30th Division from North Carolina, 27th from New York. Those divisions served on the British front and at Somme and Flanders Field. We will open a visitor center at Flanders Field.

The big American offensive of World War I is the Meuse-Argonne. That is our largest World War I cemetery in Europe. And we will open an interpretive center at Meuse-Argonne to tell the story of those Americans that fell up there.

So those are our two World War I projects. Additionally, there will be a contact station at the Chateau Thierry Monument, about 40 minutes outside of Paris. It will have a couple of different important missions. One of them will be to tell the story of the initial American operations overseas in World War I, and then it will introduce Americans to the ABMC, so if they are travelling across Europe they will know where they can stop to see both our World War I—

TELLING THE STORY TO THE YOUNGER GENERATIONS

Mr. DENT. May I ask you briefly too, since you are telling the story, are you trying to tell the story to younger generations? How are you using technology? This is a tech-savvy population. What are you doing?

Mr. DALESSANDRO. You are talking to an 18th century person here. But thankfully I have got great staff people.

We are leveraging social media and the Internet in incredible ways. In fact, I have to brag a little bit. Our Web site was one of the top 10 government Web sites selected just recently. And we are working in partnership with Virginia Tech and a number of other institutions to get at the youth through a number of apps. We have now three iPhone apps already unveiled. They are available on a number of other platforms, one for Pointe du Hoc, one for Normandy, one coming up on World War II, one coming up on Meuse-Argonne.

So we are trying to stay fully engaged, Twitter, Facebook, et cetera, and we are getting great feedback on that. So this is something that thankfully we have got tech-savvy folks that are working.

Mr. DENT. Thank you. My time has expired already.

Mr. DALESSANDRO. I am sorry I gave a lecture.

Mr. DENT. That is all right. We wanted to hear about this, so it is important that you tell the story.

So I am going to turn right now to our distinguished ranking member, Mr. Bishop, for his questions.

Mr. BISHOP. Thank you very much.

There is not enough that can be said about the active interpretive centers. The one at Normandy is phenomenal, and Mr. Young and Mr. Murtha did a great deal of investment in that. I had the opportunity to go and visit it, and it is tremendous, and the Rhone American Cemetery, with the in-person interpretations, which is overwhelming. So it is well worth it, and it certainly puts it in the

historical context and makes the visitor appreciate the contribution, as well as the residents, the people, the inhabitants in the area appreciate the contributions that Americans have made.

COMMISSION'S CAPITAL PROGRAM

Mr. Secretary, in 2012, to save money, the Commission chose to delay engineering work and capital expenditures, and then sequestration hit. Can you provide the subcommittee with some insight on the Commission's current capital program, what types of infrastructure and maintenance projects that we should expect to see in the future?

Mr. CLELAND. Thank you very much, sir.

May I ask Matthew Beck if he wants to try to deal with that one.

Mr. BECK. Good afternoon. Matthew Beck. I am the Budget Officer for the American Battle Monuments Commission.

With the current budget request before you for 2016 and including 2015, we believe we are fully funded on our maintenance and infrastructure programs. We don't believe we have a deferred maintenance problem or any funding issues which are related to that. I mean, if we receive our full fiscal year 2016 request, we believe we will be adequately funded to address any and all maintenance issues at our cemeteries.

MAINTAINING CLARK VETERANS CEMETERY

Mr. BISHOP. Thank you.

Public Law 112-260 authorized the Battle Monuments Commission to operate and to maintain Clark Veterans Cemetery. Since the Commission has taken over at Clark, what improvements have been completed, and what do you expect to take place in the future? And do you have an estimate of the costs for maintaining the Clark Cemetery, and is there any concern that the cemetery will sort of suck up all of the resources for the Commission?

Mr. CLELAND. Thank you very much for the question.

This was a baby that was dropped on our doorstep. So we are looking around to get enough milk to keep it alive, not just keep it alive, but to dramatically improve it, and we have done that. What we want to do is look at the full requirement for maintaining Clark in a dignified manner.

I would like to ask Rob Dalessandro to elucidate on that a little bit.

Mr. DALESSANDRO. Thanks, boss.

Sir, Clark Cemetery is a little bit of a challenge. It has got a little something for everyone. What we are up to right now is finishing a survey, both of its grounds and its history. And just for everyone's knowledge, Clark was a consolidated cemetery that was moved as a result of a battle that occurred where Clark's interred originally were, and then the collapsing of several other installations in the Philippines.

So right now what we need to do is do a historical survey, which we are about 50 percent through, that will tell us what we have at Clark Cemetery. That will shape the way ahead. As part of that survey, we are leveraging our compatriots at Arlington National Cemetery—in fact, they will be out there this spring—to give us some ideas of what the best way ahead is. We want to spend in

a way that is well thought through. We are not there right now, but I am confident that we will be there by the end of the fiscal year.

So I think we are on track on Clark Cemetery. We will spend some infrastructure funds to get some things spun up that we need at Clark, but we are funded to do that currently, so we are okay.

Mr. CLELAND. I would say, sir, that we are okay for the present time, but no one is saying that we are okay for the long run because we have to define what the long run really is. It is going to cost us many millions of dollars, and we don't want to pull that from our other cemeteries, like Normandy and Rhone and Tunisia and so forth. So we will be coming to you and be totally transparent about our proposals. Thank you.

Mr. BISHOP. Thank you.

My time is about up, so I will yield back.

Mr. DENT. Thank you.

FLORAL FUND PROGRAM

And we are going to recognize members in the order in which they arrived, starting with Mr. Jolly.

Mr. JOLLY. Thank you, Mr. Chairman.

Mr. Secretary, welcome. I had a question for you, but it is probably best answered by Mr. Dalessandro, about the Floral Fund Program. I understand it is due to be terminated in about 10 days. This is a program, where individuals can deposit money in an account that allows for flowers to be placed at a loved one's plot overseas.

Can you explain the decision that went into this, maybe how widely it is used, what is the actual cost to the agency or the Commission?

Mr. CLELAND. Thank you very much, sir. May I say that, and Rob can clarify this some more, the whole concept of the ability of a next of kin to be able to put flowers on the grave of a loved one in one of our national cemeteries abroad came about as a measure of post-World War II feelings of loss and grief, that therefore the American Battle Monuments Commission that ran the cemeteries should somehow be an intermediary on this. We can't find any real legislation or authority to do this. Maybe somebody just said this might be a good idea, and all of a sudden the Flower Fund got created.

Now, what happened was that people were sending us checks. We were in the check business. And I guarantee you we dodged a bullet by not screwing that up over the past few decades.

The point is now we have technology that was not available in the 1950s for anyone that wants to put flowers on a grave. There is e-commerce. You can go on all kinds of Web sites and get flowers delivered to Tunisia or Manila or whatever to put on any grave. So the ability to place flowers on a grave still exists. It is now done through e-commerce. We are just getting out of the check-writing business. We don't take checks anymore. And Rob can talk about this a little bit.

Mr. JOLLY. And I guess, Rob, before your comments, obviously we live in an e-commerce world. But the notion that it would be easy for me today to put flowers on one of the plots that Mr. Bishop and

I had the opportunity to visit last week, I had an opportunity to stand in front of somebody from Florida, I don't know how I would find a florist on the Internet and be able to describe where to go and so forth.

TECHNOLOGY WITHIN ABMC PLATFORM

Mr. CLELAND. Mr. Congressman, just go to our Web site, ABMC.gov.

Mr. JOLLY. So that is my question. Is there technology within the VA platform?

Mr. CLELAND. Not the VA, the American Battle Monuments Commission.

Mr. JOLLY. That is right. Of course.

Mr. CLELAND. Yes, sir. The answer is yes.

Mr. JOLLY. So what is the current system once the Flower Fund goes away in 10 days?

Mr. DALESSANDRO. I am glad you asked this question, sir. Let me first start by saying that it isn't in 10 days. We will continue to run the current program through Memorial Day. So all orders through this Memorial Day we are going to run under the old program.

We are confident, we actually checked it in Tunisia, we have a list of vendors that you can go to directly, we are confident you can from here or from Omaha order flowers and have them put on a grave site at ABMC. We are working through right now one thing that has become a sticking point, which is we were providing direct next of kin photographs of the flowers in place. Now we are working to figure out how we are going to do that, but we will still provide that service at this point.

But if I left you with nothing else, I would tell you that the ability to leave flowers on a grave is not going away.

Mr. JOLLY. Sure.

Mr. DALESSANDRO. We are just getting out of the middle of this. And we think this is going to be wholly more efficient. The cost to the government—

Mr. JOLLY. What is the cost?

Mr. DALESSANDRO. We are putting hundreds of man-hours. I have a fact sheet.

Mr. JOLLY. But do you know the cost, not the man-hours? And how widely is it used?

Mr. DALESSANDRO. I would say 2,000 floral orders a year are used—

SAVINGS FOR FLORAL FUND PROGRAM

Mr. JOLLY. The termination seems to be a disruption personally to a number of people who have relied on this program. I mean, it doesn't sound like this is a big pay-for in the overall budget.

Mr. DALESSANDRO. Actually it is a big savings. The problem that we have is that—the cemetery at Normandy is a great example—the cemetery staff at Normandy during the Normandy anniversary are devoted almost three-quarters of their time to placing flowers. Back to our interpretive program, we want to retrain those people and get them to provide an interpretive experience there. When we built the visitor center there one of our goals was not to lessen the

crosses row on row, but we feel like the flowers are taking it over at this point.

Mr. JOLLY. Okay. All right. Thank you.

Thank you, Mr. Chairman.

Mr. DENT. Mr. Farr.

Mr. FARR. Thank you, Mr. Chairman. I thought I was so late that I would be here long after you guys went home.

Mr. DENT. Perfect timing.

Mr. FARR. Thank you very much.

Secretary Cleland, Senator, I just want to tell you how much I owe you a debt of gratitude. I met you 41 years ago in the backyard of a chicken farm in Prunedale, California, which we call Prunetucky, and you were there with a former governor of Georgia that nobody had ever heard of called Jimmy Carter. And I was so inspired by the two of you that six months later I ran for public office. That visit changed my life, so I appreciate all the work you have done in your public service and service to our country.

First of all, I wanted to say that Congress authorized a Veterans Oral History Project, it has been going on for about a decade now, and all those oral histories have been collected voluntarily. It is interesting that the older vets are now beginning to want to tell the stories particularly to their grandchildren, the stories they haven't told to their spouse or their own children. We have used it very extensively in our district. Those are all stored in the Library of Congress.

Perhaps you could start using some of those stories to start interpreting abroad. I am glad you are doing that. I went to the Philippines, and it was fascinating. There is so much there to learn. We just kept asking questions. And if we hadn't been a VIP delegation, I don't think those questions would have been answered. So the visitors really need this. All those tiles that were done of all the battle scenes in the Pacific, I heard they were done by an artist in my hometown. So that was kind of interesting and it would have really been fascinating to be able to bring some press along.

I appreciate your effort to extend the life of Arlington Cemetery. That cemetery is going to be extended well into the 2050s, but then you are going to have to find a new spot. I have been arguing that the majority of the burials in that cemetery come from east of the Mississippi, and yet the majority of veterans are on the west of the Mississippi, I think the next cemetery ought to be on the west coast, particularly at former Fort Ord, where, by the way, we just inaugurated last Friday and broke ground on a veteran's cemetery. So perhaps we can extend that to be an "Arlington West."

ESTABLISHING A NEW DEPARTMENT OF THE ARMY CEMETERY

I just wondered, have there been any discussions regarding the establishment of a new Department of the Army cemetery of the same stature as Arlington anywhere else in the country, and if so, does the west coast play in that? I would also like to know, since we asked several years ago, the data on the home locations of the burials at Arlington. Are they still collecting that data by geographical location?

Mr. CLELAND. Mr. Farr, thank you very much for those kind words. I remember that time, and I hope your public service has been rewarding over the last 40 years. Thank you.

Let me just say the Veterans History Project out of the Library of Congress was started by some U.S. Senator from Georgia named Cleland and some unknown guy, now a private citizen, named Chuck Hagel. So we teamed up in the Senate and we put together the Veterans History Project, and believe it or not it has collected well over a million stories now, part of which we access. We have stories of 125,000 dead that we want to tell, and we tell one every day on our Web site, as a matter of fact. But what you point out is that there is a great repository of material that we want to get out.

Secondly, in terms of Manila, that is where we do want to put together an interpretive center so that it is not just the crosses row on row and the ceramic tile that tells the story of the battle of the Pacific, but there is interpretation there, as Rob said, who is also, by the way, Chairman of the World War I Commission. He is dual hatted. He is my deputy, but he is Chairman of the World War I Commission. But we want to put some flesh and blood behind those crosses and those names of the missing.

So that is our earnest effort. And I would like to turn over to my colleague here the other part of your question, which is the question of extension of Arlington. However, I am the Chairman of the Advisory Committee for the Secretary of the Army on Arlington National Cemetery, and we have been working mightily to expand the Arlington that we know and love here. That is an Army cemetery, and whether the Army decides to do something else or create an Arlington somewhere else, I do not know. But we hope to extend this Arlington beyond 2050.

Mr. FARR. So the question, what is the Army considering for the next step?

Mr. HALLINAN. Congressman Farr, I have two questions, one is the Arlington of the West and the other is a question on data on geographics, locations of where veterans are coming from, the east coast versus west coast.

To your first question, the Army does not plan on creating another Arlington of the West. When Arlington closes to first interments in the 2050s, it will assume the role that is very similar that ABMC has now. In the American psyche, Arlington is a national shrine, it is a special place. The Army is not in the cemetery business. That role has been given to the Department of Veterans Affairs, the National Cemetery Administration, so when we do close for first interments, that will be a duty and a responsibility of the Department of Veterans Affairs.

Mr. FARR. But haven't you had an advisory committee looking at that? I mean, we talked about that the last couple of years.

Mr. CLELAND. I am the chairman, and we are focused on this Arlington. But the question of another Arlington is up to the Department of the Army.

Mr. HALLINAN. And to answer your question, Congressman, the Army has no plans on designing and building an Arlington of the West at this time. We believe that is a role for the Department of Veterans Affairs by law. That is their duty and responsibility.

Mr. FARR. Well, this is the first we heard it. I mean, essentially after our Arlington, then you stop the responsibility. That is it?

Mr. HALLINAN. Well, it is a finite footprint, Congressman, and some day it will be filled up, as many of our national cemeteries and even our overseas cemeteries are. You have been out to Arlington Cemetery, have walked the grounds and have seen the footprint, what surrounds the Cemetery. Arlington Cemetery is difficult to expand or displace people.

The Army doesn't consider its role to be opening new national cemeteries. That is a role that Congress has given to the Department of Veterans Affairs and one they do an excellent job with. I have a lot of families and friends that I have worked with that are buried and interred at the VA national cemeteries, and when my day finally comes, just like in life, I will be honored in death to lie next to them in a VA national cemetery. They are being honored.

Mr. FARR. Thank you.

Mr. DENT. Thank you.

Let me recognize Ms. Roby at this time.

Mrs. ROBY. Thank you.

Thank you all for being here today.

CASELOAD AND BACKLOG

Judge, you mentioned in your testimony about the need for the funding to remain in place for the ninth judge, and I can only assume that that is because of the caseload and the continued backlog. And so I thought it might be helpful for you to give us an update on your caseload. We know that there have been some improvements, but we still have a very long way to go. And so I think it would be helpful for us to hear from you about that.

Judge KASOLD. Thank you.

I would first like to say that the caseload that we have is directly proportionate to the number of cases that the Board decides. You can say it is somewhere around 8 percent. It could be 10 percent, it could be 7 percent, but use 8 percent.

In 2013, the Board decisions dropped in numbers because of a reduced staff, et cetera, and we have had a drop in the numbers in 2014, and we have no backlog at the court at this particular time. But we are looking at numbers that are very, very high. The Board predicts they are going to put out somewhere around 58,000 decisions this coming year. That is going to be close to 5,000 appeals if you just take close to the 8 percent rate. Could be a little bit higher.

That is why I have the funding in here for the ninth judge. If we were to stay where we are today, I think that eight judges would go ahead and process those cases very—I am not going to say rapidly because the appellate process takes time—but promptly.

Mrs. ROBY. Sure.

Judge KASOLD. First off, you have a record that has to be prepared. You have mandatory consultation. You have 60 days for an appellate's brief. You have 60 days for a reply brief, 15 days beyond that, and you are out at 270 days before it can get to the judge. And that doesn't count the delays, and there are a number of delays requested by each of the parties.

But cases that get to the judges, if they are a single judge, they are being decided within a 90-day period. If it is an affirmance, that is the end of the case unless it gets a limited appeal up to the Federal Circuit.

Mrs. ROBY. And if you didn't have this additional judge?

Judge KASOLD. Well, we go to eight, so each judge is doing about 200 cases. And when you go to eight, you spread the 200 among the eight judges. Again, right now that takes time to get through the process, et cetera.

Mrs. ROBY. Sure.

Judge KASOLD. But if they did not authorize that ninth judge, with the increase in appeals that we have already seen within the last 6 months that will slow down the time that it takes to get a decision out. So that is why we have asked both of our authorizing committees and coordinated with your staff on the funding for the ninth judge. I think it is very important to do that.

We also have the capability to recall our senior judges. When I first became Chief Judge there was a backlog, if you will, to use that word, we don't like to use it. But it was 700 cases sitting in our central legal staff, and many of the judges had over 100 cases in their chambers.

With some reorganizational things that we did, and the help of the senior judges, that has all been eliminated. And our senior judges can be very helpful. This current year, I have not recalled any senior judges, because the nine that we have are processing the cases, as I said. Last year we recalled one.

I anticipate that with the numbers that we are likely to have, probably next year, or certainly by the next, when the follow-on Chief Judge would be doing the recall, we will start to recall the senior judges, particularly if we don't get that ninth judge. Even if we do get the ninth judge, within about a year we will start to recall the senior judges because of the numbers that we are looking at. They really are very high.

Mrs. ROBY. Okay. I appreciate that.

Sir, I don't want to mispronounce your last name, Mr.—

Mr. HALLINAN. Hallinan.

Mrs. ROBY. Hallinan. Okay. Thanks. You mentioned some of the challenges that Arlington is faced with given sequestration. I would like for you to provide a little bit more detail in light of what is going to happen on October 1, fiscal year 2016, should we fail here in Congress to address it.

SEQUESTRATION

Mr. HALLINAN. Thank you for your question.

Sequestration will affect Arlington specifically, like many other organizations, our ability to carry out the mission. It is not an excepted appropriation. If we face sequestration and we don't have the funding to cover operations, it will impact our funeral services. It will impact daily operations. It may result in furloughs of staff. It will have a significant impact immediately, and it will impact the entire country, because family members come from all around the country, they plan months in advance to schedule the funerals, they fly in, they have the remains transported here. So that is an immediate impact that we will face.

The other impact is the daily impact on the maintenance plans that we have, on the current contracting issues. If we can't meet those debts or bills, we don't have the resources, I see a serious and immediate impact on the daily operations.

But as I have testified previously, these expansion projects that are underway, the ability for the Army Corps of Engineers in Norfolk District that does most of our major projects, for them to plan and design and then contract our major expansion projects, if the money is not available, if we are in sequestration, I could see that impacting those projects. So I can see it having an impact even longer term than the sequestration.

Mrs. ROBY. Thank you. My time has expired. I yield back.

INCREASE IN APPEALS

Mr. DENT. Mr. Joyce.

Mr. JOYCE. Thank you, Mr. Chairman.

Thank you all for being here today.

Chief Judge Kasold, following up on the distinguished lady from Alabama's question, what do you attribute to the overall increase in the appeals? Is it the aging veteran population? Is it more veterans in the system? Do you have any thoughts about why the number of appeals has increased so drastically.

Judge KASOLD. My thoughts are—I don't have the data to support this—but I believe there is a better understanding of the breadth of benefits that are available to veterans than existed years ago. And there may have been some kind of stigma associated years ago with some people thinking that it was for people who lost limbs, et cetera.

That is not the case today, as I see it, with all of the veterans, not just those who are retiring soon, but also those who retired in the past. And you add to that the fact that they are getting older and there are other problems that they see, and somehow they are trying to relate their condition to service.

Interestingly, we don't see or have not seen very many claims from people who have recently served. We are still seeing the older veterans coming in on the appeals, trying to establish service connection. Even in the liberal system that VA has, you still have to have some kind of connection between your current disability and service. So those are the cases that we are seeing.

And then the increased rating. Again, it is a very liberal system, so if somebody had a 10 percent or a 20 percent rating and in their mind it gets a little bit worse over time and the Board didn't approve an increased rating—we are seeing the appeals on those also.

I think it is just a better understanding of the breadth of VA benefits that are available that is causing this significant increase, but VA may have a better handle on that.

BREADTH OF BENEFITS AVAILABLE TO VETERANS

Mr. JOYCE. And the increase then, you have an aging veteran population that is getting better educated to the potential benefits, and from part of your answer, people who are serving now, could we expect even a larger caseload going forward?

Judge KASOLD. I don't know what the breakdown is in the roughly 1-point-4 million claims within VA as far as how many veterans

are from the recent conflicts and how many are the older veterans. I am saying we see the older veterans. Remember, of 1.4 million claims, maybe close to 60,000 are appealed to the Board. I understand that they have another 300,000 floating in their whole process of development on the appeal. But from those 60,000 decisions, we are seeing somewhere around 4,000 to 5,000 decisions. While that is a lot for our court, it is small within the big number of decisions that are being done.

We are also seeing, and I think VA is seeing this too—not only are the number of veterans filing increasing because they know about it, but instead of just seeking benefits for one or two disabilities, we are seeing five, six, seven disabilities. And so for each of those, even if you get four disabilities approved, you still have two left that you might want to appeal to the Board or then to the Court.

So that, again, ties into what I think is a better understanding of the breadth of benefits that are available to a veteran. And you can file at any time. There is no limitation. So those veterans who never filed and are 70, 60, whatever age, they can file.

My advice to veterans, is that when they leave service is the best time to file for benefits because your service connection is either there or it is not. You can always file for increases later on. But the longer you wait, the more you are going to find issues there. That is from the appellate view looking down.

Mr. JOYCE. Well, it is a good viewpoint to figure out how we can lighten your load by potentially doing this earlier on in the process. That is a good point.

Judge KASOLD. I think you would lighten the service connection load. Again, increased ratings can be filed at any time. And if a veteran is not satisfied, they have an absolute right to go to the Board, an absolute right to come to our Court. On limited issues of law they could go to the Federal Circuit. I think 130 of our cases were appealed last year. Most of those the Federal Circuit doesn't have jurisdiction over because the appellant is really just unhappy with the factual determinations, and that is not within the jurisdiction of the Federal Circuit. They may only review questions of law.

Mr. JOYCE. Great. Thank you.

Mr. Chairman, I yield back.

Mr. DENT. Thank you.

Mr. Fortenberry.

Mr. FORTENBERRY. Mr. Secretary, very nice to see you again.

And thank you all, gentlemen, for coming today.

Mr. CLELAND. Thank you.

Mr. FORTENBERRY. I was reflecting on something. In August of 1944 there was a young medical doctor who left his wife and two children and initially was assigned to a field hospital in the Army in England. And at some point after that he was sent into France, and near the town of St. Mere Eglise, between St. Mere Eglise and Cherbourg, he was killed by exploding ordnance. And he was buried there at the town of St. Mere Eglise, one of the key battlefield sites where our paratroopers landed the night before into the German column there and fought it out.

He was later reinterred here at Arlington National Cemetery when all of the smaller cemeteries were consolidated and families

were given a choice whether or not to leave their loved ones there at Omaha Beach or to bring them home.

He was my grandfather. And as I have gotten older it becomes apparent to me, and as I am the last remaining male, it is necessary for me not only to own the fullness of this story, but to pass it on to my children as well. And we have visited his grave here, and perhaps at that point they were too little to understand, but I wanted to give them some initial exposure to this important part of my own family's history, the sacrifice that my own family made for the well-being of our country. But also to participate in something deeper, the honor and commitment of it all, the profound nature when one lays down their life for their friends, for their country.

Mr. Secretary, I think you have the best job in America, to be frank with you, because you are not only preserving our history and sharing our history, now you want to evolve it into fully interpreting that history. Just like you are trying to meet, in my own way I am trying to meet that need for my family. Your work is assisting me to do that and so many other countless Americans.

So, look, we have the responsibility here to take a hard look at your budgets and all that, and that is what of course we will do. I think you do beautiful things, though, and I wanted to commend you for it.

Back to the point that Mr. Dalessandro was making, I had a recent visit to Normandy, and again the orderly rows of white crosses punctuated with an occasional Star of David is just such a profound reminder of the sacrifice and is really one of the most beautiful places, I think, in the world. And to move to the next level, and I was told that of the approximately 10,000 graves that you have there, you have only got about 1,000 stories.

And part of the new evolving mission is to understand each one of those names that was there, just like Captain Luther Sexton Fortenberry, my grandfather, his own story. The young French guide that I had there that your excellent staff set up for me was so enthusiastic. He had been on the job maybe 2 weeks. He was so prepared, a little bit overprepared for a Congressman that can't listen to a lot of details. You know how that is. But nonetheless, did just a beautiful job of relating to us and telling us another story of another soldier who had been killed, who had actually gone through the area where my grandfather was killed.

So in regard to this evolving idea of interpretation, I am completely with you, I think that is very, very important. I am curious, though, as to your comment as to why this has not increased visitors yet. Now, you are not in the tourism business. I get that. But at the same time I would think that—let's unpack that a little bit—and I would think that, again, our opportunities to enhance this essential part of America's experience and pass it on to generations are abundant. Do you have any insights?

And they had talked to me a little bit, frankly, I was primed for this, they had talked to me a little bit about it at the Omaha Beach Cemetery.

Now, I have given another speech, and I am almost out of time. Sorry, Mr. Chairman.

But before I am out of time, if you could address that. And I do want to add one little note of caution. Be careful about the overreliance on technology, because the person-to-person story, the ability of your young French national who works for us to relay the details of that combat soldier whose story he wanted to tell to us was an extraordinary part of the experience. And sometimes in our modern age we think we have to have the next machine or glitzy thing to do it better. It is human-to-human, person-to-person contact that is most effective.

Mr. CLELAND. Sir, I would really agree with you. Mr. Bishop mentioned Allison, the incredible woman, our interpretive guide, our associate at Rhone. When she starts talking about her boys, you can't help but have tears well up in your eyes. I heard that story in Henri-Chapelle up near the German border in Belgium, and she is based in Rhone. And she is on our Superintendent Leadership Council. She is awesome. If I could just replicate her in every one of our cemeteries, we could just all pack up and go home, I mean, because she has got it.

Now, we do rely to a certain extent, and not as a substitute, but we are playing in the field where a lot of young people play, which is the Web site with the Twitter and the social media and the Facebook and all that kind of stuff, and that is increasing. But most of our visitors, believe it or not, in these 14 countries are, shall we say, foreign. They are not American. So the story is really getting out to the world, and we would like to tell the story to more and more Americans.

Rob, do you have anything to say about that.

Mr. DALESSANDRO. I do. And I know we are all over time, but I feel like that is such a great question.

Our biggest challenge is to educate Americans, I feel. It is nice when we have 100 percent grave adoption, and we do at Margraten and places like that. And I love the dedication of going to a place like Saint-Lo and having the mayor drop everything he is doing to honor us because American paratroopers of today are visiting.

But we are really working hard to get exactly what you are talking about. I feel like every American that goes to Europe or goes to the Pacific ought to stop at one of our sites. We are working as hard as we can to make that happen, but I will be honest with you, I am not sure that we are very good at it.

CASELOAD WAITING TIME

Mr. DENT. Thank you. We are moving to the second round of questioning. We are going to start with the ranking member, Mr. Bishop.

Mr. BISHOP. Thank you very much.

Judge Kasold, in terms of your caseload, you said you were averaging 343 cases filed a month since fiscal year 2005. What is the average wait time between the time a case is filed for court and the time it is adjudicated? And over the past 5 years, has the wait time increased, been stable or gotten shorter? And what are you doing to try to deal with an increased caseload?

Judge KASOLD. As I stated earlier, we actually are in a lull, and the cases are being processed at this time as fast as they can be processed. It is an appellate court and there is required briefing

that goes with that. As I said, single judge decisions are decided within a 90-day period, actually a little faster than that with the judges today. Panel cases take a little bit longer because we usually have an oral argument and then three judges get together to come up with a decision.

The time period is about a year, when you count in all the briefing and everything else that takes place with the case. We have a very aggressive mediation consultation process. If you are represented by an attorney, it goes through that process, and there is a 50 percent settlement rate in that process. By "settlement," I don't mean the case is settled with an award of benefits; it is a remand back to the Board. I think you have to give credit to VA because their counsel are recognizing some of the reasons that a case might get remanded, such as failures in the continued duty to assist a veteran, and the requirement to render a decision that addresses the issues, in particular the favorable material, and explain why that favorable material does not support an award.

So, at this particular time, we are handling the caseload as rapidly and professionally and judicially as we can. However, the numbers that we are looking at will potentially bring us back to what it was when I first became the chief judge if we don't get that ninth judge. If the number of appraisals stay at the 5,000 level I think we are going to be fine, but if we go into the six, seven, 8,000 case range, we might be back looking for additional judges, and we will already have all the senior judges recalled.

Mr. BISHOP. Thank you.

Judge KASOLD. But at this time we are doing very well. And, again, we thank Congress, because Congress did authorize the eighth and ninth judges and has supported us very well. Thank you very much.

TRUST FUND

Mr. BISHOP. Thank you.

Mr. McManus, as you know, the deductions from the pay of enlisted members, warrant officers and limited duty officers are from the trust fund for the Armed Forces Retirement Home. What affect will the reductions in the military end strength have on the trust fund, and are you prepared to deal with lower contributions as a result of the reduction in that end strength?

Mr. McMANUS. We think one of the significant impacts is the fact in our fines and forfeitures, where we are starting to see those significant reductions, where in 2009 you had \$41 million in fines and forfeitures and now with the decrease in fines and forfeitures, we are down to \$28 million, \$13 million loss in a year from what the high was in 2009. We are also seeing probably about 500,000 a year in end strength, 50 cent dollar value, but collectively, it is a significant loss.

Mr. BISHOP. Okay. I will yield back, Mr. Chairman.

Mr. DENT. Thank you. I just want to follow up, Mr. McManus, before we let you go today, and before you have to take care of your important business tomorrow, with the prince and the duchess, just to follow up on the whole trust fund issue. If the fines and forfeitures don't increase, how long before this trust fund goes insolvent? Do you know?

Mr. McMANUS. Sir, we are on a track right now, if we took no action in 2017, we would have issues. If we take the action that we proposed in testimony, which is about \$8.5 million in revenue, we expect that to extend the life of the trust fund, but depending on the decrease in fines and forfeitures, we are expecting now from a \$13 million loss to add another \$4 million. So, you take the collective loss potentially another 6 years that we would have by—if we increased, at \$8.5 million annually. But, we do believe if we do something with our master plan and we are successful, that we can stabilize the trust fund.

Mr. DENT. How would you bring in that \$4 million in revenue that you just alluded to a moment ago?

Mr. McMANUS. Sir, what I was talking about is the—in the fines and forfeitures, based on the tracking that we are seeing right now, we are on track to lose another \$4 million in revenue out of fines and forfeitures. So, instead of finish, as we did in 2014 at \$28 million, we are on track to finish at \$24 million.

REDUCING OPERATING COSTS

Mr. DENT. Okay.

Mr. McMANUS. Significant loss.

Mr. DENT. Yeah. The other issue I had, too, what have you done to reduce your operating costs without sacrificing quality of care for your residents? I know one of the key initiatives you highlighted, I think, in your testimony is the Independent Living Plus pilot program, and how does this improve care and contain healthcare costs as well?

Mr. McMANUS. That is probably one of our most significant, from a resident perspective, trying to keep them independent in place. Plus in the past, what we have found by looking at why our residents were going into their upper levels of care, statistically there were three main factors. The number one overriding reason of moving into higher level of care was medication. Typically, whether it is for memory, whether it is because of shaking, they start to have problems with medication. The second reason we always had to move them up was for their room, taking care of their room. They just lost the ability to keep their room clean and upkeep. And then the third reason was just bathing, their normal appearance and helping them.

We felt if we could do those three things, we could keep residents inside their room. And that is really what the program is focused on, helping them stay in their room. But if you keep a resident—by going to them, keeping them from being on meds, you avoid the staffing ratios, what we are going to from 3.5 to 4.1, by moving them into upper levels of care, significant.

The other things that we really tried to do is to reduce our footprint in D.C. 272 acres, golf course. The importance of the golf course, of course, is there is a water reservoir under it that is extremely important to us, but the—to do something else with that property so we don't have the infrastructure costs, but we have revenue from it, we feel is a significant need to help our trust fund.

GREATEST CHALLENGES AND THE MILLENIUM PROJECT

Mr. DENT. Just going back to—shifting back to Mr. Hallinan, briefly, Arlington Cemetery has certainly undergone a transformation, some pretty difficult times about 5 years ago. You are now on the other side of that trial and are setting industry standards for best practices, and so two questions. You know, one, what do you see as the greatest challenge at this point? What are your greatest challenges at this point? And the second question deals with the Millennium project. And if you would just give us an update on that project and the completion date, what the total cost of that project you think, you project will be, and how much burial space are we going to be getting? And I understand there is a stream and the site is fairly hilly, which can rent some challenges. Is this project running on time and on budget?

Mr. HALLINAN. Mr. Chairman, excellent questions. I appreciate the opportunity to answer your questions.

As far as the Millennium project, it is on time and it is on budget. And I want to give credit to the Army Corps of Engineers and Norfolk District. The 27 acres will give us approximately 27,282 burial opportunities within those rolling hills. They also have done an excellent job of restoring the stream, so that will be available for visitors as they walk to it. It will add some serenity to that national shrine. Completion, we are looking towards August, September, the end of fiscal year 2016. I am optimistic, but it is a challenging site, but progress has been good. The total cost of that project has been \$81.8 million.

Mr. DENT. Thank you.

At this time I would recognize Mr. Farr for any questions that he might have in the second round.

Mr. FARR. Mr. McManus, a couple of questions. We got into the rest home business in, when, 90—about 1991 or 1992?

Mr. MCMANUS. The homes actually existed prior to that, but that is when they merged the two homes with the trust fund.

Mr. FARR. And so we are only operating those two for the whole country?

Mr. MCMANUS. That is correct, sir.

Mr. FARR. Wow. Talk about an unmet need. How many States have rest homes for veterans?

Mr. MCMANUS. I don't know. I could come back to you on that.

Mr. FARR. Please do.

Mr. MCMANUS. There is about 48 states that have—Sir?

Mr. FARR. We ought to try—please do. I mean, States can build veterans cemeteries—if they have the authority and law to build veterans homes, we ought to encourage more of that.

[The information follows:]

State Veterans Homes are located in all 50 states and Puerto Rico.

VSOS OPERATING REST HOMES FOR VETERANS

Mr. FARR. Are there any VSOs that operate veteran rest homes?—Is there anything outside of State and Federal Government that operate rest homes for veterans?

Mr. McMANUS. Not to my knowledge, sir. I know the VSO is actively involved with us and I know they are actively involved with the VAO—or VA as well.

Mr. FARR. I mean, you have property leased here in Washington. You had gotten approval back in 2008 and then the economy flipped. It is now back on track?

Mr. McMANUS. We put together a request for solicitation that we hope to release in the next couple of months to the public for companies to come in and bid. We had an open house basically for companies to come in and we showed them the property. And we had 75 companies. We think the competitive market in D.C. is good, it is strong. We see that through what is going on in D.C. in terms of building, so we believe it is a very competitive environment that we could be very successful with, to help the trust fund.

Mr. FARR. So for the States, who picks up the cost of the month—for the veteran? Is it a Federal benefit you get? If you operate—the ones you own, the rental costs are probably a lot lower. You say you are going to increase the fee. How much is that increase going to be?

Mr. McMANUS. It depends on what ultimately is approved, but we feel that it is going to be about \$1.4 million in revenue.

Mr. FARR. Well, what is the veteran going to have to pay?

Mr. McMANUS. Each veteran, based on the level of care, if they are Independent Living Plus, it is 35 percent of their income. So, it would depend on the monthly income of the resident to give you an example of what they pay, but the average cost for independent living is somewhere between \$800 and \$900.

Mr. FARR. Isn't there a market? I mean, I can just imagine thousands of veterans just in my own State who are dying to find an affordable rest home.

Why can't we use the market incentives like we do in the RCI projects, residential community initiative for active duty military, to have the private sector build these retirement communities? Because you can do it on public property, and you don't have to buy the real estate, they essentially collect a housing allowance. Why not do the same thing for veterans?

Mr. McMANUS. You mean privatize the——

Mr. FARR. Yeah.

Mr. McMANUS [continuing]. The development?

Mr. FARR. Yeah. There is no way in the world you are going to be able to meet the demand out there unless we change the lay. When Mr. Hobson was chair of this committee, implementing this housing for active duty military was essential.

What was happening was that Congress would approve the funding and then we would have the Corps of Engineers design the housing, and they would build it on the bases with private contractors, and then soldiers and their families didn't want to live there. They took their basic housing allowance and said, "We are going to live in town." "These houses don't fit our needs." And finally we woke up and said, "well why are we doing this in the first place?" "Why don't we get the private sector to build the housing, and by the way, you are going to have to build to local code standards and architectural standards which none of the housing before that did. I know, because we received a closed base, and no one could live

in any of those units, because they violated every code you could possibly imagine.

These projects have been really successful. I think for the people that built it, they did competitive bidding. So, whatever benefits that veterans get that could be applied, plus their Medicare or Medicaid for long-term care. We ought to try to stimulate this need. Veterans need these homes badly, and they are certainly going to be more affordable.

So, what is the wait list to get into Veterans Home now? How long is that?

Mr. McMANUS. The——

Mr. FARR. How big is it?

Mr. McMANUS [continuing]. Wait list is about 2 years to get——

Mr. FARR. How many?

Mr. McMANUS. Sir?

Mr. FARR. How many on the wait list?

Mr. McMANUS. There is—I want to say it is, like, 250 on the Gulfport list. It is about a 2-year wait list. In D.C. there is not a wait list.

Mr. FARR. In D.C., but they are veterans from anywhere in the United States could——

Mr. McMANUS. Yes, sir.

Mr. FARR. But most people don't want to move at that age and retire someplace so far away from their family and homes.

Wait. Let's take it back and figure out. If we have got so many States participating, why can't we increase that ante, and what incentives can we use to get the private sector involved? If we use publicly-owned real estate, we could lease it to them for a dollar a year and then they collect. It is certainly below market.

Mr. McMANUS. I think, sir, one of the—one of the benefits of the home, it is subsidized, when you really look at the program and where the fundings come from. If you take a private developer and privatization programs, they are basically being funded through, whether it is the bachelor housing allowance or some other type of funding that is part of that privatization that offsets their costs to do it.

Mr. FARR. Well, veterans have won these appeals, they have these claims, they have for-life income. That is subsidization. I mean, what they don't have is a place to live.

Mr. McMANUS. No, I am not arguing that at all, sir. I am just saying that I think one of the benefits of the home is the fact that the cost for the home is being offset by——

Mr. FARR. I understand that. And you can offset those costs by not having to sell the real estate to the developer. I mean, building costs are the same. The biggest variation in building today is real estate costs.

Mr. McMANUS. That is true, sir.

Mr. FARR. Well——

Mr. McMANUS. And that is—that is why we are trying to do the initiative that we have for our southeast part of Washington, D.C., to generate that revenue to put back into the home for the veterans.

Mr. FARR. Well, time is up, but you are the specialist on veterans homes. There is nobody else in the Federal family that knows more

about it than you. I am suggesting, think outside the box and think about how we can have a veterans home in every State, and as many as possible, because the demand is out there.

My wife does end-of-life planning, and I will tell you it is just terrible when people realize that they can't afford to die. They cannot afford to get old. They can't stay in their homes. It is too expensive. They can't even afford to go anywhere, and there is nothing picking that up. So, we have an opportunity here.

Anyway, thank you, Mr. Chairman.

Mr. DENT. Thank you. Thank you, Mr. Farr.

Before we conclude, Mr. Hallinan, did you want to make an additional comment?

Mr. HALLINAN. Mr. Chairman, I didn't answer your second question about the two biggest challenges that I think Arlington faces in the future. The biggest challenge we face is, number one, infrastructure repair, which we made great progress on but we haven't finished yet. We identified about \$75 million back in 2010, 2011, deferred maintenance, and I am being kind when I use the term "deferred maintenance." We have made great progress, with over \$60 million which has been applied.

We must shift toward sustain and maintain so we don't come in front of Congress again 19 years from now and the bill is much higher. Once we have gotten the investments and the appropriations from Congress, we are doing a great job, but how do you sustain and maintain that? I see that as the big challenge going forward.

Mr. DENT. Thank you.

And this pretty much concludes our hearing. I want to thank Chief Judge Kasold in particular. This is your last appearance before our subcommittee. We will miss you, but thank you.

And also I just wanted to mention that tonight I believe Secretary Cleland has a little program going on. There is going to be a panel discussion and a screening of "Debt of Honor", and Tammy Duckworth, I believe, our colleague is going to be joining you, as well as a few others. And I think that event tonight is from 6:00 to 8:30 in the Capitol Visitor Center. So please show up. Even if you didn't RSVP, go ahead, show up.

Judge KASOLD. Thank you, Mr. Chairman.

Mr. DENT. So, I just wanted to mention that. And, again, thank you all for joining us.

Members are advised that our next hearing is tomorrow, tomorrow morning March 19 at 9:30 a.m. in room 309 in the Capitol in the Subcommittee on Commerce, Justice, Science, in their hearing room. The Inspector General of the Department of Veterans Affairs will be there.

So, again, thank you all for being here today, and this meeting is adjourned.

[Questions for the Record submitted by Chairman Dent for the Honorable Max Cleland follows:]

Question: Affordability/Priority Setting: Secretary Cleland, the scope of what ABMC is doing seems to stretch beyond what is affordable. I have a pretty long list of major projects that comes from your testimony—tell me if I miss something.

3 visitors center in various phases of construction
 2 visitor centers in design. No funds are put aside for development.
 2 new monuments in development.
 Clark cemetery in the Philippines.
 The Honolulu memorial stone replacement.

Secretary Cleland, you see where I am going with this. I have real concerns that the Commission is overextended. While each project is worthy on its own merits, how do you prioritize to make sure the core mission is met? Does the Commission table some ideas based on affordability?

Answer: While the high unobligated balance we carried into this fiscal year is, to some extent, a reflection of our internal capacity to complete projects, we have caught up and will complete the projects you reference without jeopardizing our core mission, which is to maintain our commemorative sites to an exceptional standard. In fact, we believe the new monuments initiatives, Clark cemetery, and the Honolulu Memorial stone replacement are core mission. We also believe that our Telling the Story interpretation program must become a core mission requirement if the agency is to maintain relevance with generations of Americans who have no personal connection to the periods of service addressed through our commemorative mission.

Regarding the specific projects you reference:

Visitor centers at Normandy, Pointe du Hoc and Cambridge are complete and open to the public. The visitor center at Sicily-Rome was opened to the public in May 2014, but subsequently was damaged by flooding from a river channel that runs adjacent to the cemetery. Repair continues; the facility should reopen to the public by early summer. Visitor centers at Meuse-Argonne and Flanders Field are in design. These projects are renovations of existing buildings, not new construction. We expect construction contracts to be awarded by the end of this fiscal year.

A visitor center at Manila is in concept development. We expect to award an architectural design contract this fiscal year, which will allow us to begin construction by the end of FY 2016. A visitor center at Honolulu is in architectural design. We do not expect to construct this facility for several years. It has slipped because of the urgency to bring the Honolulu Memorial itself up to standard.

Once we determined that the staining of the Trani stone in the Honolulu Memorial's World War II and Korean War Courts of the Missing could not be removed, replacing the stone became a top agency priority. The current condition does not reflect the "exceptional standard" we seek nor

does it appropriately honor those commemorated within the memorial. Accordingly, Trani stone replacement became a higher priority than the Honolulu visitor center. Funds to replace the Trani stone have been obligated.

A smaller visitor contact station is planned for our Chateau-Thierry Monument in France. Its proximity to Aisne-Marne and Oise-Aisne American Cemeteries and prominent hillside location adjacent to a major east-west highway make the monument an ideal site to engage visitors with the story of America's early engagements in World War I, and inform them of other ABMC commemorative sites in Europe.

The two monuments in development are Midway and New Zealand. The Midway monument is ready for installation. Funds are programmed for the New Zealand monument, which is in design. These projects reflect ABMC's core mission responsibility to "...build suitable memorials commemorating the service of American Armed Forces, and shall build and maintain memorials in the United States and, as the Commission decides, at any place outside the United States where the Armed Forces have served since April 6, 1917." (TITLE 36, CHAP 21) Our Board of Commissioners directed the ABMC staff to pursue new monument opportunities when warranted and where such service had not previously been commemorated.

As reflected in our FY 2016 budget request, we have identified and requested funds totaling the \$5.0M authorized for restoration of Clark cemetery. While the Commission did not seek this new mission, we accept it as a core mission requirement. When we have the final results of the comprehensive condition assessment underway at Clark, we will be better positioned to determine additional future funding requirements, which will be considered by our Board of Commissioners and the Administration during the FY 2017 budget cycle.

We understand the Chairman's concern about overextending capacity. However, we are confident we can comfortably balance three equally important mission imperatives: preserving our commemorative sites to an exceptional standard; developing our cultural and historical resources; and telling the story of those we honor.

Question: Construction Estimates - The construction project estimates that ABMC has shared with the committee have been far lower than actual costs. In some cases, projects have been revised upward by a factor of two or three. The Honolulu Visitor center was planned at \$3.3 million but revised estimates are \$15 million. What are you and the new management team doing to make sure that estimates are better, so you can plan with greater accuracy?

Answer: Estimating construction costs has been a concern, particularly in regards to the visitor center projects initiated within our Interpretation Program. Initially, this could be attributed to the agency's lack of experience in visitor center and exhibit design, construction and fabrication. This was compounded by ABMC's ambitious response to the generous support by the House and Senate Appropriations Committees, the timing of which too often led us to develop budget estimates based on the last project funded rather than on a rigorous cost estimating process based on site-specific requirements definitions. The Honolulu visitor center project is a good example: the initial cost estimate was based on a comparison of its projected square footage with the cost of a comparably sized project in Europe, which didn't take into account the need to excavate the

wall of the crater at the “Punchbowl” cemetery, nor the much higher Hawaiian construction costs. We have tightened the Interpretation project planning process by hiring a project manager for our Overseas Support Office who has extensive experience in project estimating with the National Park Service’s Interpretive Design Center. In the future, we will define requirements and estimate costs before seeking budget authority, rather than chasing the authority with project design.

Question: Carryover Funds - The testimony indicates that the \$23 million carryover from fiscal year 2014 into fiscal year 2015 will be used completely this year. While the committee supports using available funds for needed projects, and avoiding a huge carryover, is there some amount the Commission should retain to deal with an unforeseen emergency? What are your thoughts on that?

Answer: ABMC entered FY 2015 with a historically high unobligated balance, primarily due to planned, but not executed projects: new visitor centers and Honolulu Memorial limestone replacement. We are working to obligate the carryover by the third quarter. With regard to unforeseen emergencies, we have \$665 thousand set aside in FY 2015 for engineering and horticulture contingencies. The Commission believes these are sufficient resources in the event of an emergency. The Commission also accepts the Committee’s concern and expects to address carryover for emergencies using unobligated balances in FY 2016.

Question: Clark cemetery in the Philippines although \$5 million was authorized when ABMC received responsibility for Clark, no funds were provided. And as the budget documents describe it, the condition of the facility is quite poor. The FY 2016 request includes \$2 million for Clark. What will that be used for? What have we already done there?

Answer: The *Dignified Burial and Other Veterans’ Benefits Improvement Act* directs ABMC to restore, operate and maintain Clark Veterans Cemetery and authorizes \$5 million for site preparation, design, planning, construction, and associated administrative costs for the restoration. The Commission is allocating \$1 million in unobligated prior year funds plus \$2 million in FY 2015 funds to this project, and is requesting \$2 million in FY 2016 to meet the authorization and to address Engineering and Maintenance and Horticulture infrastructure projects as needed. Any additional restoration requirements based on the condition assessment will not be known until considered by the Board of Commissioners and the Administration during the FY 2017 budget formulation process in mid-2015.

Significant landscape work and immediate improvements to site security have taken place since ABMC received responsibility for Clark cemetery in December 2013. Immediately, ABMC secured the perimeter of the cemetery, added a security guard component (now managed via contract by the U.S. Embassy in Manila), and started basic maintenance befitting this honored ground.

Initial assessments of horticultural conditions (turf, trees, and soil) are complete, as are comprehensive land and boundary surveys (land ownership and property lines have long been an issue in the Philippines). Currently, a much more comprehensive survey of the plot area is

underway, to include ground penetrating radar. Concurrently, a thorough administrative history to fully understand what we have there – and who – is ongoing and led by ABMC Headquarters.

Permanent site improvements have already begun with the construction of an equipment storage building and the addition of basic maintenance equipment, lighting, irrigation, and training maintenance staff. Planning for a permanent service area is underway and, longer-term a taller, sturdier fence will be constructed once all site issues and major construction are complete.

Question: I understand that a condition assessment is ongoing. Can you tell us when the assessment will be complete? At this point, do you have any idea of the restoration costs?

Answer: Phase I of the condition assessment is complete at a cost of \$125,000. This gave us initial information regarding topography of the plot area, initial soil analysis, geotech and hydraulic studies. All of this was critical for our initial assessment and triage and enabled us to immediately apply resources to the most urgent needs. Concurrently, we have been collecting 100% of the headstone data to include names, conditions, photos, plot locations and exact GPS coordinates (this has been necessary as our initial studies revealed both missing headstones as well as duplicates).

Phase II is obligated for \$200,000 and is primarily our underground look (via ground penetrating radar) as well as a deep dive into all available U.S. Air Force and National Archives accessible records. With a history now more than 100 years old and with several custodians over the years, there is still much about Clark cemetery that we do not yet know. Finally, our master plan development is ongoing and in full collaboration with the Philippine government. Expectations management has been an ongoing issue since ABMC entered the scene, and while there are some outside of the U.S. Government who would like to dictate how the U.S. should invest in Clark, we feel it most prudent to complete our studies and present a full array of options prior to investing significant sums or constructing permanent structures. More than \$175,000 has also been spent to-date in purchasing professional horticultural equipment, cleaning, basic deferred maintenance and site security.

Question: Arlington National Cemetery, American Battle Monuments Commission, and the National Cemetery Administration all have the noble task of providing for the burial needs of our veterans and their families, or erecting monuments to Americans who have fallen in battle. This Committee believes that each organization can provide valuable information to the others. What efforts are you taking to share best practices and deal with common issues? And, have these efforts been formalized to ensure that they continue through staff rotations?

Answer: We are actively engaged in partnerships with the National Park Service (NPS), Arlington National Cemetery (ANC), and the National Cemetery Administration (NCA). We have Memorandums of Understanding (MOU) with NPS and ANC.

We partnered with the National Park Service to renovate and upgrade the information kiosks and educational content at the World War II and Korean War Memorials on the National Mall, significantly enhancing the visitor experience. Other opportunities for collaboration with NPS will be pursued as appropriate.

We have two MOUs with ANC: one formally establishes an ABMC liaison officer position at ANC; the other facilitates shared collaboration and training opportunities. We can learn much from the advances made at ANC in recent years, and we can share the core competencies for which our agency is known, strengthening both organizations.

We have no MOUs currently in force with the National Cemetery Administration, but we are negotiating one that will provide a framework for operation of a future interpretive center in the National Memorial Cemetery of the Pacific in Honolulu. Our Chief Engineer continues to participate actively as an ex officio member of NCA's Advisory Committee on Cemeteries and Memorials.

Further, representatives of all four agencies—ABMC, NCA, ANC and NPS—will meet this month to discuss establishing a Joint Working Group and a collaborative process to improve the efficiency of our respective operations, to more effectively serve our stakeholders.

Question: ABMC interpretation programs: With the passage of time, the number of people who have first-hand knowledge of the sacrifices this country made in World War I and World War II are becoming fewer and fewer. Their sacrifices as well as the events surrounding the wars should not be forgotten. Do you have a plan to expand your interpretative efforts to help ensure that knowledge of these events is passed on to future generations?

Answer: We are developing interpretive program materials on several levels and for tailored audiences. As detailed in our response to Question 1, we have undertaken an ambitious interpretive (visitor) center program that will result in completion of nine such centers, each appropriately scaled to its architectural surroundings and visitation. The centers provide on-site visitors the historical context for the respective commemorative sites.

For our Web audience at www.abmc.gov, we have produced richly detailed and multi-tiered interactive programs that will appeal to the general public as well as teachers, students and researchers. By early summer, we will have produced World War I and World War II timeline interactives and eight campaign interactives. Additionally, we will have produced mobile app virtual tours for Pointe du Hoc, Normandy, Cambridge, Sicily-Rome, Meuse-Argonne and Flanders Field.

We recently completed Phase I of an education program designed to produce curriculum-based lesson plans, developed by teachers, that will help students better understand the service, experience and sacrifice of American armed forces. Developed in partnership with the University of North Carolina and Virginia Tech, the phase one program focused on World War I. Phase II is underway in partnership with National History Day and the George Mason University Center for History and New Media. It focuses on World War II in Northern Europe. Subsequent phases will create products related to World War II in Southern Europe, World War II in the Pacific, the Korean War, and the Vietnam War—conflicts associated with the agency's commemorative cemeteries and memorials.

And, our Overseas Support Office has developed rigorous interpretive standards and training opportunities to better prepare our cemetery staff – U.S. and Locally Engaged Staff – to interpret the events and individual achievements associated with their cemeteries.

All of these programs address in differing ways the imperative to ensure that “time will not dim the glory of their deeds” as we move further and further from the time of those deeds.

Question: Secretary Cleland, you installed new leadership in ABMC’s Overseas Support Office and the US headquarters over the past year and a half. New leaders usually bring fresh perspectives on an agency’s operations. Can you share with us what they have identified as top priorities for strengthening ABMC’s management systems such as strategic planning, financial management, maintenance, and information technology systems so as to maintain the high quality of ABMC’s cemeteries and monuments?

Answer: I recruited the first career Senior Executive Service member to serve at the ABMC Overseas Support Office eighteen months ago, and followed that initiative with the selection of a second SES for the Arlington Headquarters at the end of FY 2014. Both of these individuals bring a wealth of experience in senior government management to the agency.

Their immediate priorities focused on codifying management process while streamlining functionalities. As the principal means of achieving this goal, they began an aggressive strategic planning process designed to set agency priorities for both the current fiscal environment along with the out years. Building on an extensive mission analysis, together with a strength, weaknesses, opportunities and threats study, they formulated strategic goals, along with plenary measures for attaining success. The product of these efforts will be published in a short brochure that clearly conveys the elements of the strategic plan agency-wide, providing the compass for our future direction and informing decision-making, prioritization of resources, and business processes.

In the financial management arena, our senior leadership immediately directed an aggressive execution of the agency’s large carryover balance using a newly instituted “budget scorecard” system. This method tracked budget requirements, allocations, funding status and obligation of funds. The process facilitated agile allocation of funds against agency priorities and ensured that agency priorities were synchronized with resource apportionment. As an immediate benefit of the exactitude of this process, our agency has allocated \$23M in carryover funding and obligated \$15.6M of those funds to date, eliminating the funding holdover, which had been reserved for projects yet to be accomplished. As an example, \$10.7M was obligated for the replacement of stained Trani stone at the Courts of the Missing in Honolulu. This project had been in limbo awaiting management decision for some years—our scorecard process drove the decision-making and brought the project to obligation.

Maintenance of our sites remains an agency priority. As part of our mission analysis, our leadership conducted an extensive functionality review. In many cases, functionalities had been split between the Arlington Headquarters and our Overseas Support Office. This situation disrupted agency unity of effort. Our review resulted in a number of realigned functional

responsibilities. In the area of engineering and maintenance, we made several essential changes. Engineering Project Management now resides solely in the Arlington Headquarters, ensuring cradle to grave project oversight of new engineering and maintenance initiatives, while routine maintenance and horticultural support resides in the Overseas Support Office, where it can coordinate directly with the supported cemetery/memorial staff. This change yielded refinements to process, along with significant resource savings.

Our information technology systems are a principal organizational enabler. As part of our strategic plan, we are evaluating all emerging technologies, including cloud computing, relative to ABMC's mission and business processes, and exploiting those components that can provide a net benefit to the agency in terms of functionality, cost, and reliability. We foresee ABMC transitioning to a fully cloud-based system within the next fiscal year. ABMC has already worked diligently to employ web and social media as a mission enhancement. Our presences on social media platforms, along with our vibrant website, were directly responsible for ABMC being selected as one of the Top Ten Websites in Government this year. Our information technology initiatives insure that ABMC remains relevant in the future.

Question: How will these initiatives you mentioned contribute to developing a long-term funding strategy to address how ABMC plans for, funds and staffs new projects such as the recently acquired Clark Cemetery as well as continue to maintain its current facilities over the long-term?

Answer: Each of the aforementioned initiatives improves our ability to provide high quality service to our stakeholders and ensures continuing excellence at our cemeteries and monuments. Our newly instituted processes inform our decision-making and provide significant opportunity for efficiency.

Planning for our new initiatives will require some agile staff work. The rejuvenated emphasis placed on the interpretation program has associated challenges. ABMC was created and staffed as a cemetery/memorial maintenance organization; not a public history organization. With the passing of time and vital realignment of function, the agency must balance the continuing necessity for maintenance excellence with the needs of an inspired educational interpretive program. This planning will embrace program funding, staffing levels and realignment of function across a broad spectrum of the agency.

With the full implementation of our new internal budget process to identify budget requirements, allocations, funding status and obligation of funds, we will continue to allocate funds against agency priorities, framed within the strategic plan and that fiscal year's goals. Although we have an aggressive program of new initiatives over the course of the next decade, we foresee operating at our current funding levels using rigor, prioritization and efficiencies to provide resource deltas.

Realignment of the staff is a key strategic plan initiative. As such, early in FY 2016, the agency will undergo a manpower survey. The results of this survey will inform future staffing choices and allow us to meet the needs of both of the maintenance and interpretive missions.

Maintenance excellence at our current facilities over the long-term, along with the continuing challenges at Clark cemetery, mandate agile business process. We are confident that our newly inaugurated, best practice business approach will insure mission success for ABMC as we enter our second century of service to the nation.

Question: The current location of the Overseas Support Office in Garches, France is tenuous, as it does not meet the agency's needs or security requirements. The Committee understands that you are actively pursuing other options, including constructing new office space and renovating existing structures within the Suresnes American Cemetery. What is the current status of your efforts and if construction on Suresnes is being pursued, what are the current estimated total project cost and timeline?

Answer: The Overseas Support Office has not had a permanent home since the agency was created 92 years ago and has squatted in a series of leased or borrowed spaces, the current office being located in the former residence of the NATO Deputy Commander – a lovely home, but not a professional or secure space for an office charged with providing day-to-day operations support for 25 military cemeteries and 26 monuments in more than a dozen countries worldwide.

Agency Executive Architect Harry Robinson and ABMC Chief Engineer Tom Sole have met several times with Department of State Diplomatic Security and the Overseas Building Office headquartered in Rosslyn, Virginia.

Our goal remains to build a permanent support office on ABMC land adjacent to the Suresnes American Cemetery. This would occur across the street and well away from the plot area and monument and would include an adaptive reuse of the now-vacant Superintendent's quarters.

Once State Department concurrence is received (expected this summer), design will begin for the permanent office space, as well as renovations needed for the Superintendent's house to be repurposed for office space. Our goal is to maximize use of already constructed space on land already within the cemetery boundary. No cost estimate is available yet until the feasibility of this option is better known.

Question: Each of the past two audits of ABMC's financial statements raised issues that are of concern to this Committee. Specifically, both audits cited issues with ABMC's financial controls, financial reporting, and financial monitoring. In addition, both found problems with ABMC's administration of the Foreign Currency Fluctuation Account. The Committee is not aware of any actions taken to correct these issues between the July 2013 audit and the November 2014 audit. Can you provide an update of recent actions taken to address these issues?

Answer: Regarding the findings on financial controls, financial reporting and financial monitoring, the findings relate to a lack of documented policies and standard operating procedures. ABMC has controls in place that are functioning; however, they have not been properly documented. We have hired a contractor to assist in developing written policies and standard operating procedures. Implementation of those policies and procedures will occur within FY 2015.

Regarding the administration of the Foreign Currency Fluctuation Account, this issue has been corrected. ABMC implemented a new budget rate as part of the FY 2015 budget and has made the necessary corrections to the financial management system to properly execute the Foreign Currency Fluctuation Account. ABMC is now in compliance with Section 2109 of Title 36, United States Code.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: Last year, you received \$20 million over the budget request for infrastructure restoration, including mapping abandoned utility lines underground, which could be removed to allow for more burial space. What progress have you made on the utility lines? What other uses are you applying the \$20 million increase toward?

a. The request this year is for \$25 million for infrastructure restoration. What projects are the highest priorities?

Answer: Arlington National Cemetery (ANC) staff, with the help of the US Army Corps of Engineers Norfolk District has been systematically addressing infrastructure needs that are the result of years of deferred maintenance. The project-by-project strategy to address these infrastructure shortfalls over time is captured in ANC's 2015 Capital Investment Strategy. One of the projects ANC completed over the past year is the removal of abandoned utility lines along Eisenhower Drive. This project was completed in the early fall of 2014. Examples of other uses for the \$20 million infrastructure revitalization include replacing all cemetery waterlines (we have currently completed almost five phases of a six phase program to replace waterlines). Phase Six is a priority for FY16. Other priorities include: construction of a new family parking and funeral procession queuing area, phased rebuilding/repairing the road network across the cemetery, repairing or rebuilding perimeter stone walls, repair of storm drains, implementing recommendations from a 2014 Americans with Disabilities Act accessibility study and systematically evaluating and preserving public monuments across the cemetery.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: No-year funding: In multiple places your testimony notes that you would prefer year funding for your entire appropriation. However, the President's Request for FY 2016 asks for \$70.8 million in one-year funding and \$5 million in two-year funding. Your current appropriation is a mix of one-year and two-year funding. Limiting the time available for use of appropriated funding is a good financial management practice and something the appropriations committee prefers for all operations and maintenance accounts. It is more transparent and requires discipline, which had been a problem for ANC in the past. What, specifically, are you not able to do with the mix of one and two-year funding you have? Do OMB and your auditors agree with you?

Answer: The House Appropriation Surveys and Investigation team visited Arlington National Cemetery (ANC) late in the first quarter of FY 2015 and asked questions pertaining to funding emergencies that exceeded available funding and about our flexibility to remain operational throughout the year, given fiscal uncertainty. These questions, coupled with the SAC-M questions during last year's fiscal year budget roll out, concerning what amount ANC needed for a reserve to handle these same issues, prompted our desire to return funding to no-year, like we had prior to 2013.

No-year funding allows ANC the flexibility and predictability, beyond the mix of one and two-year funding, to ensure the stability of operations at our Nation's most Sacred Shrine when there is a lapse in appropriations. Specifically, ANC would have to cancel scheduled funerals, at the last minute, which places a financial burden and an intangible emotional cost to the American Veterans' families. Many of these families are coming a considerable distance, incurring costs associated with airline flights and hotel reservations, for the funerals. This stability also ensures ANC completes on-going and planned maintenance, restoration and expansion projects; host official ceremonies; respond to emerging infrastructure issues; handle and respond to unforeseen emergency repairs (e.g., severe weather events or unforeseen infrastructure failures, such as a fire or sink hole) and remain open for visitors to pay their respects to our nation's heroes, and at the same time, learn about ANC's history. Our OMB Examiner supports no-year funding for ANC. The House Appropriations Survey and Investigation team supports the recently added \$25M in FY16 being appropriated as no-year.

ANC works extensively with the U.S. Army Corps of Engineers to plan, design, contract and oversee both major construction and infrastructure revitalization projects, totaling over \$400M between FY 15 and 20. The plan and design, along with the extensive coordination and reviews by the National Capitol Planning Commission and the Commission of Fine Arts forums, and the contracting process entail unpredictability resulting in added difficulty in expending one and two-year funding. ANC currently has three infrastructure revitalization projects, totaling approximately \$9M, projected for award in September 2015. Should a delay in awarding these contracts result from the above mentioned reasons, ANC risks the potential of not being able

to use expiring funds and /or a lengthy delay in awarding a contract and beginning work associated with both a lapse in appropriations and a Continuing Resolution Authority time period. No-year funding allows for the flexibility and predictability to keep the numerous projects, detailed in the ANC Capital Investment Strategy, both on budget and on track for timely completion.

Arlington has demonstrated over the last several years that we are good stewards of the appropriations provided by Congress. Organizational changes, budget controls and external evaluations were established and conducted in the process of establishing financial management, accountability and transparency at ANC after 2010.

Organizational Changes: ANC's Resource Management office was established and manned enabling ANC to conduct all aspects of the DoD Planning, Programming, Budgeting and Execution System. The office was originally manned with one budget officer prior to 2009. In 2009, ANC added a financial manager position, and in 2010, the staff was increased to a total nine positions. Current RM manning is one financial manager, one budget officer, five budget analysts, one management analyst and one administrative specialist. Another organizational change was establishing the Contract Support Element, with trained and certified acquisition personnel. This office is responsible for ensuring that approximately 26 annual contract requirements are awarded in a timely manner; providing oversight and liaison with the support contract office(s); providing quality assurance oversight of contracting officer's representatives; and assisting with obtaining equipment and supplies needed for day-to-day operations. The final organizational change was enhancing the Engineer's Office. The Engineer staff increased from three to eleven positions and covers engineering, facility engineering, environmental, cultural resources and real property. ANC Engineers are responsible for maintaining and updating the master plan, which includes the Capital Investment Strategy (CIS). The CIS details the planning and programmed execution of construction, restoration and sustainment requirements over the next 10 years. In addition, this office provides management and oversight of all construction, revitalization and sustainment projects to include conducting biweekly, monthly and quarterly project status reviews with all levels of leadership in both ANC and the U.S. Army Corps of Engineers.

Budget Controls: Prior to June 2010, ANC received financial support from a number of different agencies external to ANC, thereby relinquishing control of financial management. To establish proper financial management, and in addition to manning an RM staff, the Army in 2010 accelerated the fielding of General Fund Enterprise Business System (GFEBS) to ANC. This financial system provides accounting transparency, which contributes to audit readiness, and provides ANC standardized processes for financial operations. ANC also implemented Wide Area Workflow (WAWF) in 2011, which is an electronic invoice receipt system enabling timely payment to our vendors.

Additionally, ANC RM office has implemented the Army Manager's Internal Control Program (MICP) which complies with OMB A-123. This program ensures financial controls are in place, checked, verified and reported at least on an annual basis. In addition, specific internal procedures, checklists and job aides ensure that processes are consistently followed. Another internal control utilized is the Army's Joint Reconciliation Program, conducted on a

quarterly basis, which is a formalized Department of the Army level program (conducted by Department of the Army Financial Operations (DASA-FO)) that validates all financial transactions that are active and supported by proper documentation.

External Evaluations: ANC continues to utilize external organization reviews, studies and/or inspections to provide Congress, Army and ANC leadership with an objective look at our business processes and financial management. These reviews include the AAA, GAO, IG(s), and most recently, the House Appropriations S&I Staff (1st QTR, FY 15); their findings/recommendations are carefully considered and changes are made to business processes to enhance and further refine the many management controls and oversight in operation.

These organizational changes, budget controls and external evaluations combine to ensure ANC does not repeat the mistakes of the past.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: The Millennium project: Please give us an update on the project and the completion date. What is the total cost of the project, and how much burial space are we getting? I understand there is a stream and the site is fairly hilly, which can present challenges. Is the project running on time and on-budget?

Answer: In 2013, \$81.7 million was appropriated for the Millennium expansion. It covers 27 acres of land at the northwestern corner of the cemetery, adjacent to Joint Base Meyer-Henderson Hall and it is intended to provide Arlington National Cemetery with 27,282 new burial opportunities. A construction contract for this expansion was awarded in September 2013 and construction began in December 2013. The stream restoration piece of the project is complete. The project is scheduled for completion in late spring 2016 and is currently on schedule and within budget.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: What is the status of the Southern Expansion/Navy Annex project? How much have you spent on planning and design? What is the total cost expected, and will that be requested next year?

Answer: The status of the project: Negotiations are still ongoing with Arlington County in an attempt to reach agreement over a land exchange. Once agreement is reached, design work will begin in earnest to create the proposed designs for the expansion project.

Total cost expected for planning and design will be approximately \$35-\$40 million. We do not expect to request any planning and design funds next year as we expect to be able to use money already appropriated to meet next year's needs.

Question: Please provide for the record a monthly summary of expenses for operations and maintenance, salary and other non-major maintenance costs. What is your rate of expenditure for these per month?

Answer:

SUB BA	BRS Title	Description	Actual Direct Obligations as of Sept 30, 2014
	1110 PERM POSNS	Pers compensation: Full-time permanent	10,020
	11310 OTH THAN PERM	Pers compens: Other than full-time perm	0
	11510 OTH PERSCOMP	Other personnel compensation	428
	12110 CIV PER BEN	Pers benefits: civilian personnel	3,126
	13010 BEN FORMER PERS	Benefits for former personnel	0
	21010TVLOF PERSONS	Transportation of persons	77
	22010 TRANS/THINGS	Transportation of things	0
	23110 RENT GSA	Rental payments to GSA	0
	23210 RENT PMENTS TO OTH	Rental payments to others	0
	2331I COMM,UTIL & OTH	Comm, utilities and misc. charges	806
	24010 PRINT& REPRO	Printing and reproduction	43
	25110 ADVISORY/ASST SVCS	Advisory & assistance services	0
	25210 OTHER SERVICES	Other services	27,458
	2530 GDS/SVCS FM OTH AGN	Purch goods/services (inter/intra) Fed Ag	0
	25320 PAY-FORGN NATL	Pay to foreign national indirect hire pers	0
	25330 BUY FM REVFUNDS	Purchases from revolving funds	0
	25410 O&M OF FACILITIES	Contract O&M offacil (include GOCOs)	628
	25510 R&D CONTRACTS	Research & development contracts	0
	25610 MEDICAL CARE	Contract medical care (include CHAMPUS)	0
	25710 O&M OF EQUIPMENT	Contract O&M of equip (include ADP)	24
	25810 SUBSISTENCE OF PERS	Subsistence and support of persons	0
	26010 SUPS & MATLS	Supplies and Materials	1,753
	31010 EQUIPMENT	Equipment	3,249
	32010 LAND & STRUCTS	Land and Structures	29,073
	41010 GRANTS, SUBS-ETC	Grants -Subsidies, Contributions, & Adv	0
	42010 INSUR CLAIMS-ETC	Insurance Claims and Indemnities	0
	43010 INTEREST & DIVS	Interests and Dividends	0
	44010 REFUNDS	Refunds	0
		Total	76,685

		FY15					
		Fiscal Month					
SUB BA	BRS Title	Description	Oct	Nov	Dec	Jan	Feb
	11110 PERM POSNS	Pers. Compensation Full-time permanent	820.2	709	895.8	848.7	1300.1
	11130 OTH THAN PERM	Pers. Compens: Other than Full-time perm	0	0	0	0	0
	11510 OTH PERSCOMP	Other personnel compensation	0	0	0	0	0
	12110 CIV PER SEN	Pers benefits: civilian personnel	255	220	253.8	256.9	337.5
	13010 BEN FORMER PERS	Benefits for former personnel	0	0	0	0	0
	21010 TVLOF PERSONS	Transportation of persons	5	-0.2	0	8.2	0.1
	22010 TRANS/THINGS	Transportation of things	0	0	0	0	0
	23110 RENT GSA	Rental payments to GSA	0	0	0	0	0
	23210 RENT PMENTS TOOTH	Rental payment to others	-83	-79	2.8	0	0.0
	23310 COMM,UTIL & OTH	Comm. Utilities and misc. charges	91.0	32.0	36.2	37.2	251.4
	24010 PRINT & REPRO	Printing and reproduction	0	0	0	0	0
	25110 ADVISORY/ASST SVCS	Advisory & assistance services	0	37.2	148	399.7	0
	25210 OTHER SERVICES	Other services	305.0	0.3	124.0	155.3	261.4
	25310 GDS/SVCS/PM OTH	Purchase goods/services (includes Fed Ag	0	0	0	0	0
	25320 PAY-FORGN NATL	Pay to foreign national/indirect hire pers	0	0	0	0	0
	25330 BUYFM REVFUNOS	Purchases from revolving funds	0	0	0	0	0
	25410 O&M OF FACILITIES	Contract O&M of facil (include GOCOs)	1.7	6.4	0.1	0	0
	25510 R&D CONTRACTS	Research & development contracts	0	0	0	0	0
	25610 MEDICAL CARE	Contract medical care (include CHAMPUS)	0	0	0	0	0
	25710 O&M OF EQUIPMENT	Contract O&M of equip (include ADP)	0	85.2	0	0	0
	25810 SUBSISTENCE OF PERS	Subsistence and support of persons	0	0	0	0	0
	25910 SUPS&MATLS	Supplies and Materials	27.0	63.4	61.0	82.0	32.0
	31010 EQUIPMENT	Equipment	3.7	18.8	15.6	205.0	0.3
	32010 LAND & STRUCTS	Land and Structures	540.5	120.0	282.0	15.0	203.0
	41010 GRANTS, SUBS, ETC	Grants + SubSides Contributions & Adv	0	0	0	0	0
	42010 INSUR CLAIMS, ETC	Insurance Claims and indemnifications	0	0	0	0	0
	43010 INTEREST & DIVS	Interest and Dividends	0	0	0	0	0
	44010 REFUNDS	Refunds					
Total			1986.1	1213.1	1819.3	2008	1885.8

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: Provide for the record a copy of your capital improvement plan.

Answer: Electronic and hard copies were provided to the staff.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: Provide for the record a description of the chain-of-custody standard operating procedures to assure identity of remains.

Answer: The chain of custody for human remains at Arlington National Cemetery (ANC) begins when the remains physically arrive at the cemetery for interment. Prior to the physical arrival of the human remains, ANC policy requires establishing the identity of the deceased by obtaining a copy of the death certificate and, if applicable, the cremation certificate. Upon arrival, the funeral home or service provider's representative or the person authorized to direct the disposition of the remains signs a document transferring custody of the human remains to the Arlington National Cemetery Representative.

Human remains are never left unattended unless the remains are signed into and locked in the cremated remains storage area or the receiving vault. Each remains container is tagged with the deceased's name, date of interment and burial location using indelible print on a plastic non-biodegradable casket or urn tag. Additionally, ANC photographs each remains container and attaches the photograph to the automated system of record.

A positive transfer of custody occurs at the prescribed gravesite between the cemetery representative and the cemetery care taker for placement into the grave. The physical grave location is verified at the site with a detailed inspection of the surrounding grave locations to ensure the accurate placement of remains.

Chain of custody is complete for casketed remains when the casket is lowered or placed inside the vault or grave liner and the lid is closed, the grave is fully closed and the temporary marker is placed on the grave. Chain of custody is complete for cremated remains when the urn is placed in the concrete urn liner and the lid is secured, the liner placed in the grave, the grave is fully closed and the temporary marker is placed on the grave, or the urn without a liner is placed in the niche, the niche cover is secured in place and the temporary marker is attached to the niche cover.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: Your testimony notes that you expect to use all carryover funds by the end of FY 2016. Does this include the use of \$3 million in funds that are allowed to be carried over from FY 2015 through 2017? The budget appendix shows that you expect to carry over \$4 million from fiscal year 2015 to 2016. Please explain.

Answer: We anticipate using all of the \$3 million carry over by the close of fiscal year 2016. The anticipated carryover from 2015 to 2016 is an aggressive attempt to utilize our prior year funding this year.

[Questions for the Record submitted by Chairman Dent for Executive Director Hallinan follows:]

Question: Arlington National Cemetery, American Battle Monuments Commission, and the National Cemetery Administration all have the noble task of providing for the burial needs of our veterans and their families, or erecting monuments to Americans who have fallen in battle. This Committee believes that each organization can provide valuable information to the others. What efforts are you taking to share best practices and deal with common issues? And, have these efforts been formalized to ensure that they continue through staff rotations?

Answer: Arlington National Cemetery (ANC) has Memorandums of Understanding with American Battle Monuments Commission (ABMC), the Veterans Administration's National Cemetery Administration (NCA) and the United States Air Force to exchange information and training between the entities to ensure that best practices are shared among the organizations. ANC employees participate in cemetery operations training at the NCA Training Center. ABMC employees attend the Army's Cemetery Responsible Official training held at ANC and ANC/ABMC employees participate in the other agency's inspection program in an effort to maximize the sharing of organization inspection program techniques and procedures. Additionally, a working relationship is ongoing with the United States Park Service (USPS) and efforts are underway to establish a more formal relationship.

[Questions for the Record submitted by Chairman Dent for Chief Judge Kasold follows:]

Question: Judge Kasold, you note that the Court's personnel costs include funding for nine judges, although the authorized number of judges will revert to seven. We understand this plan, given that the workload is increasing, to ensure that funding is available if the authorizing committee supports nine judges. If you can, please tell us the difference in costs from the budget request if, in fact, the authorization stays at seven?

Answer: Our authorization for nine judges sunsets with the next two judicial vacancies on the Court, which will occur upon the death, retirement, or senior-status election of the next two active judges. One judge has announced that he will take senior status this August, with no further vacancies expected through FY 2016. Each active judicial chambers costs approximately one million dollars, which covers salary and expenses for one judge, one secretary, and four judicial law clerks. Thus, for FY 2016, the difference is approximately one million dollars.

Question: Workload-- Judge Kasold, would you give us an idea of number of cases you expect to be filed at the Court, as you watch the VA Board of Appeals caseload and decisions increase. You note that the BVA projects that it will decide over 57,000 cases in FY 2015. What does that mean for the Court?

Answer: As the number of decisions made by the Board increases, the number of appeals filed at the Court will rise. Although there is no way to predict with precision how many appeals will be filed, over the last ten years the Court has received, on average, appeals at a rate of 7-10% of the total number of decisions made by the Board. At an 8% rate, if the Board decides 57,000 cases in FY 2015, the Court will likely see around 4500 appeals filed; at a 9% rate, the number of appeals would be over 5000. Assuming a continued 50% remand rate agreed to by the parties during our mandatory pre-briefing conference, from 2250 to 2500 appeals would be forwarded to judges for decision, and our Senior judges likely will be recalled to service.

a. As the BVA makes investments in information technology to speed its processes, what effect will that have on the Court? How do you prepare for that?

Answer: The Court converted to electronic case filing a few years ago, one of the first appellate courts in the Nation to do so, and we are prepared to work seamlessly with VA as it further converts to electronic records.

3. Since you cannot affect the number of cases filed at the Court, what are you doing to more efficiently manage cases?

Answer: We have wrung most of the efficiencies out of the system that we can. My predecessor as Chief Judge implemented electronic filing and our mandatory pre-briefing conference process. Over the past several years we have modified the role of our Central Legal Staff, concentrating staff emphasis on our mandatory conference process, which in turn has maintained a high rate of consensual resolution by the parties. We modified our process for recalling and supporting Senior judges to help them be as productive as possible, and, on a limited basis, we have adjusted case

assignments within and to chambers to facilitate productivity.

a. For cases in which the veteran represents him or herself (pro se) cases, how are they managed differently to have the Court's resources efficiently applied?

Answer: The Court has determined that pre-briefing conferences usually are ineffective when appellants are self represented and accordingly, those matters generally are not scheduled for staff conferences with the Court's Central Legal Staff and instead proceed immediately to briefing. Once fully briefed, those appeals are then forwarded to chambers for review and decision by a judge. If a judge identifies a pro se case as presenting a novel legal issue that warrants a precedential panel decision, the appeal is stayed and the Veterans Consortium Pro Bono Program is notified for consideration of providing pro bono counsel and further briefing or argument.

Question: Employees and Recruitment/Retention: You ask for three additional judicial law clerks to replace open positions for docket clerks. How will the law clerks be used? How is your recruiting done? What qualifications and skill sets are you looking for?

Answer: Additional judicial law clerks will be used to support Senior judges recalled to service on the Court. In the past, our Central Legal Staff (CLS) attorneys have supported our Senior judges, but this adversely affected the basic CLS mission of helping the parties reach a consensual resolution of the appeal. We recruit law clerks primarily using the federal court's Online System for Clerkship Application and Review (OSCAR). Qualifications we seek generally include high law school class standing, experience on law school law review, advanced legal schooling (e.g., I.L.M), publication of articles or other scholarly works, special honors for academic excellence, moot court experience, participation in legal aid or other law school programs, or prior judicial clerkship experience.

a. In general, is it difficult to recruit or retain your employees?

Answer: No, federal court clerkships are highly desirable, and we have very little turnover in the other positions of employment.

Question: Most of the decisions are handled by a single judge panel. How do you ensure consistent application of law in decisions made by a variety of judges?

Answer: Our internal operating procedures require each merits decision to be circulated to all judges for review prior to issuance. In the case of single-judge decisions, any two judges may call the case to panel, and the matter will then be referred to a panel of three judges for decision. This process is designed to keep cases moving efficiently to decision, but to assure that single judges do not make decisions that should be the subject of precedential panel authority. Additionally, once a single judge decision has issued, any party may seek panel review, and, absent reconsideration by the single judge, the matter will be referred to a panel for decision. The panel may direct that the single judge decision remains the decision of the Court, or it may issue a whole new decision. This process ensures that all parties can receive panel review of the matter on appeal if requested.

a. What percentage of your cases requires the three judge panel to look at a novel issue, rather than settled law?

Answer: About 2% of all decisions made by judges were decided by a three judge or full-court panel. An additional 4% received a three-judge panel review following a request for reconsideration by panel of a single judge decision, with the single judge decision remaining the decision of the court in all but one case.

Question: Your testimony notes a desire for a Veterans Courthouse, which certainly is a symbolic and meaningful building. Possibly in Pennsylvania somewhere. I appreciate the pride in your work that is behind the request. I do have to ask: What are the projected costs for a courthouse?

Answer: We have no specific site estimate for construction of a courthouse, and we would need a location identified, a full site survey, and the assistance of the General Services Administration (GSA) in order to provide a reliable cost estimate for a courthouse. The original GSA cost estimate for constructing a courthouse near the South-East waterfront in Washington, DC, as submitted in our FY 2010 budget request, was \$62 million. A few months later, however, and after assurances that \$62 million was a firm cost estimate, GSA increased its estimate to \$120 million, for a variety of factors that I defer to them to explain. At the same time there were significant budgetary pressures facing the Nation. Thus, at the outset of FY 2010 we postponed our pursuit of a courthouse. I am optimistic that a courthouse could be built for well under the last estimate of \$120 million from GSA.

As I have stated many times, the Court has adequate office space at present, and we can certainly do our job at our current location. That said, the Court stands behind those veterans and veterans' organizations who feel that veterans should have a courthouse. If during this period of economic recovery for our Country there are to be any courthouses built, a veterans courthouse should be among them.

Question: Judge Kasold, does your continuity of operations plan allow you to operate outside of Washington DC if there were a major event here that closed the city down?

Answer: Yes, after an initial data recovery effort, the Court would be capable of resuming operations on a limited basis. We also are nearing completion of our virtual desktop infrastructure project which will largely eliminate a lag associated with data recovery under our current recovery system and otherwise dramatically enhance our capacity to operate outside of Washington, DC.

[Questions for the Record submitted by Congressman Dent for Mr. Steven G. McManus follows:]

Question: Mr. McManus, your testimony discusses your concerns about the stability of the trust fund, which is the source for your operating budget. The trust fund has been declining because operating costs have exceeded revenue. First, let's talk about the revenue that goes into the trust fund, and then the efforts that you have undertaken to reduce costs.

Revenue in the Trust Fund—More than half of the Trust Fund has come from Fines and Forfeitures. My understanding is that these are fines levied by the commanding officer under the UCMJ (the Uniform Code of Military Justice). What has been the trend in the fines—it looks like it has been declining steeply since 2009. Why?

Answer: You are correct. Fines and Forfeitures have been declining significantly since FY 2009. At that time, Fines and Forfeitures totaled \$41M and in FY 2014, Fines and Forfeitures had diminished to \$28M.

If Fines and Forfeitures continue to decrease at the current rate, they would be reduced by an additional \$4M in FY 2015, for a total of \$24M. Certainly, AFRH has experienced variations in Fines and Forfeitures over the years, but never before have we observed a reduction of this magnitude. Accordingly, AFRH is working with DoD to audit the Fines and Forfeitures being transferred from the four Military Services. This audit will not only endeavor to assess whether Fines and Forfeitures being collected by the services are being properly transferred to AFRH, but will assist in refining our revenue projections.

Question: To bring in more revenue, what actions can you take? Your testimony includes long-term leases of property, resident fees, and active duty withholding. Please address those.

Answer: Per statute, AFRH has limited options for generating additional revenue. At present, we are focused on three options:

(1) After required Congressional notification, we plan to implement a reasonable and equitable Resident Fee increase for AFRH Residents at all levels of care. We will transition our Independent Living Plus Pilot to a permanent level of care with its own fee structure that recognizes the nursing services provided for Independent Living Plus residents. Independent Living Plus residents currently pay the lower Independent Living resident fee. We anticipate that the fee increase would provide approximately \$1.4M in additional annual revenue, beginning in FY 2016. This increase would be the first resident fee increase beyond the annual cost of living adjustments since the current fee structure was established by legislation in 2002.

(2) We are asking DoD to increase to \$1.00 the “50 cents” active duty monthly withholding from the payoff DoD and U.S. Coast Guard enlisted members, Warrant Officers, and Limited Duty Officers. This increase would be the first in the active duty

withholding since 1977. We anticipate the withholding increase would generate an additional \$7M annually, beginning in FY 2016.

(3) We will be releasing a Request for Proposals (RFP) to lease 80 underutilized acres in the southeast corner of our Washington, DC campus. The Washington, DC Master Plan for private development of this property was approved in 2008, but was placed on hold due to the downturn in the DC real estate market. Leasing this property is expected to generate additional revenue, while reducing property maintenance costs currently borne by AFRH. The potential revenue from the lease of this land will not be known until developer proposals are received and reviewed in late FY 2015/early FY 2016.

Question: If the Fines and Forfeitures do not increase, for how long is the Trust Fund solvent?

Answer: To date in FY 2015, Fines and Forfeitures receipts have continued to decrease dramatically. Unless we implement the three initiatives outlined above, AFRH will not have adequate receipts to cover our FY 2018 and out-year budget requests. If AFRH works with our DoD leadership to implement expeditiously the three initiatives discussed above and continues to contain costs, while providing quality care to our residents, AFRH Trust Fund receipts should adequately support our likely out-year budget requests, even if Fines and Forfeitures continue to level off.

Question: What have you done to reduce operating costs, without sacrificing quality of care for residents?

Answer: AFRH has implemented several large cost savings activities in recent years including:

- Reducing the AFRH-Washington (AFRH-W) footprint by 183,000 square feet by replacing the old Scott Building (circa 1950) and closing the LaGarde Building.

- Eliminating the need for on-campus transportation by relocating residents and resident services around the historic AFRH-W quadrangle, with the opening of the new Scott Building.

- Reducing utility expenses by replacing the old Scott Building with a Leadership in Energy and Environmental Design certified building (the new Scott Building) and closing the LaGarde Building, which was too large for AFRH-W needs.

- Reducing Operations and Maintenance costs required to maintain the old Scott Building and to keep the old Scott and LaGarde Buildings compliant with The Joint Commission (TJC) accreditation standards.

- Further reducing AFRH-W utility expenses by closing the AFRH-W Heating Plant, which was too large for our reduced Washington footprint, and installing a smaller energy efficient boiler/chiller system.

--Initiating the Independent Living Plus program to provide residents with assistance and nursing care required to meet their basic needs, while retaining them within an Independent Living setting. By avoiding the move of residents to the Assisted Living level of care, AFRH avoided higher costs for both residents and AFRH.

One of the key initiatives you highlight is the Independent Living Plus pilot program.

Question: How does this improve care and contain health care costs as well?

Answer: Independent Living Plus allows AFRH to provide assistance and nursing care required to meet their basic needs (e.g., medication management, room cleaning, grooming/bathing) while they remain in their Independent Living room. Prior to the introduction of this program, residents who required these types of services were moved to Assisted Living, which increased a resident's fee by 25% and increased AFRH nursing care costs by over \$9M annually.

Leasing and Property Development for Washington campus:

Question: What are your plans for leasing the 77 acres in Washington D.C.?

Answer: AFRH plans to release the Request for Proposals (RFP) in late FY 2015 with the assistance of the General Services Administration (GSA), and review by the U.S. Army Corps of Engineers (USACE). The RFP utilizes the 2008-approved Washington, DC Master Plan and will seek proposals from private developers who are interested in developing the 80 acres for multiple uses (housing, retail and office space). Once the selected developer has an opportunity to develop the property, AFRH expects to accrue significant revenue that it will use to support annual operations and begin rebuilding the Trust Fund balance.

Question: What does the land currently have on it that could be reused?

Answer: The 80 acres holds several buildings; however, most of these buildings require extensive repairs before they can be occupied or used. The LaGarde building (formerly a 200+ bed assisted living/memory support/long-term care facility) required the least amount of work and could be occupied with minimum repairs/updates, and could quickly generate revenue for both the developer and AFRH.

Question: What does the Master Plan allow for, and what is your timeline for progress on that front?

Answer: The 2008-approved Washington, DC Master Plan allows for development of the 80 acres for multiple uses (housing, retail and office space). AFRH plans to release the RFP in late FY 2015. AFRH would expect to receive proposals 3-4 months later. A review of proposals received and negotiation of the grounds lease is expected to take an additional 6-9 months to complete.

Question: Understanding there is a wide variation in estimates, how much revenue do you think the lease could bring in?

Answer: Revenue from the grounds lease is expected to increase over several years as the developer completes additional phases of the Master Plan. Until RFP responses are reviewed by AFRH, GSA and USACE, it is difficult to predict out-year annual income. Once the property is fully developed, AFRH estimates that it could receive annual revenue of \$7-9M, with regular cost of living adjustments.

1. Residents and Wait List

Question: What is the eligibility for residents? Your testimony notes that 81 percent are military retirees, and a little over 10 percent are non-retired service-connected disabled veterans. Overall, you serve 909 veterans.

Answer: In accordance with Title 24, U.S. Code, § 412, persons who served as members of the Armed Forces, at least one-half of whose service was not active commissioned service (other than as a Warrant Officer or Limited Duty Officer), are eligible to become residents at AFRH if they:

- are 60 years of age or over and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service;
- are determined under rules prescribed by the AFRH Chief Operating Officer to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty in the Armed Forces;
- served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay under section 310 of title 37, U.S. Code; were discharged or released from service in the Armed Forces under honorable conditions; and are determined under rules prescribed by the AFRH Chief Operating Officer to be incapable of earning a livelihood because of injuries, disease, or disability.
- served in a women's component of the Armed Forces before the enactment of the Women's Armed Services Integration Act of 1948 [enacted June 12, 1948], and are determined under rules prescribed by the AFRH Chief Operating Officer to be eligible for admission because of compelling personal circumstances.

Otherwise qualified applicants who have been convicted of a felony, or who are not free of drug, alcohol, or psychiatric problems are ineligible to become a resident of AFRH.

Question: Do you have a waitlist?

Answer: There is a waiting list (approximately 26-29 months) to become a resident at AFRH-Gulfport. The AFRH-Washington facility currently has availability for approved applicant move-ins. To meet the needs of eligible persons as quickly as possible, AFRH offers applicants who already have been approved for residence at AFRH-Gulfport the opportunity to reside temporarily at AFRH-Washington, until such time as they reach the top of the waiting list for the Gulfport facility. If these residents are in Independent Living at the time their name comes to the top of the Gulfport waiting list, they are relocated to the AFRH-Gulfport facility.

Question: Do veterans have to be independent living residents to be able to use the nursing care when they need it?

Answer: Yes, AFRH residents must be able to live independently upon entry into the home. Upper-level care facilities (Assisted Living, Long-Term Care, and Memory Support) are reserved for current residents, with a view to ensuring that residents can age-in-place (prospective residents cannot enter the home at an Upper Level of Care).

2. Quality of Care: I see that both of the Armed Forces Retirement Home facilities have received accreditation from The Joint Commission for ambulatory care and nursing care. Congratulations on that accomplishment.

Question: What is the requirement for the Armed Forces Retirement Home to provide health care?

Question: Are you required to have primary care on site for all residents?

Answer: AFRH is proud of its Gold Seal accreditation by The Joint Commission. Our dedicated staff of employees enabled this achievement; it was truly a team effort. In response to your question about health care, in accordance with Title 24, U.S. Code § 413, AFRH provides non-acute medical and dental services, at no cost to the residents.

Question: Where do they go for specialized care?

Answer: To ensure our residents have access to specialty medical care, both AFRH campuses have military health partnerships that authorize designee status for non-beneficiary AFRH veterans. These agreements provide non-retired AFRH residents the option to receive health care at Kessler AFB (for Gulfport residents) and at Walter Reed National Military Medical Center (for Washington, DC residents). The support of these military health care facilities ensures all AFRH residents have access to specialty care. Residents may also choose to secure care from Department of Veterans Affairs medical facilities or from private care providers.

Question: What percentage of your budget supports health care?

Answer: AFRH expends 35% of its total Operations and Maintenance budget on health care annually. These costs include federal health care salaries/benefits, as well as contractor health care costs, including nursing staff, medical practitioners, pharmaceuticals and medical supplies.

Question: Are all levels of care accredited?

Answer: Yes, AFRH's current levels of care (Independent Living, Assisted Living, Memory Support and Long Term Care) are accredited. In addition to Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation for our Independent Living level of care, which AFRH has maintained since 2008, AFRH is proud to report that both campuses received The Joint Commission accreditation in FY 2014 for ambulatory care and nursing care—the Gold Seal of health care accreditation. This accreditation ensures our Residents are receiving the highest

level of care. This accomplishment was achieved through the efforts of our dedicated and committed staff and is a significant achievement in validating the outstanding care provided to our residents at all AFRH levels of care.

In FY 2015, when our Independent Living Plus pilot becomes a permanent level of care, AFRH will begin working toward The Joint Commission home health care accreditation, with an operational assessment in late FY 2015 and an accreditation survey in early FY 2016. The budget request supports increasing your staff, to avoid mandatory overtimes and expensive contract care.

Question: By how many FTE are you increasing your staff?

Answer: AFRH will be working towards increasing our health care federal employees by approximately 35-40 Full-Time Equivalents to reduce our reliance on federal employee overtime and contractor support. Because of the difficulty in recruiting nursing staff, we expect this increase to take several years to implement.

Question: Will this increase in staff help to achieve the care ratios that Centers for Medicare and Medicaid recommend?

Answer: AFRH is currently meeting or exceeding the Centers for Medicare and Medicaid recommendation for Memory Support and Long-Term Care levels of care. Additional federal staff will assist us in reducing mandatory overtime, reducing reliance on contractor support, and ensuring the safety of our residents. Current nursing staff contractors at both campuses have had difficulty meeting AFRH needs for registered nurses, licensed practical nurses, and certified nursing assistants.

Question: Will the change from contract care to federal employees cost more money?

Answer: No, the hourly cost for contractor nursing staff is actually more expensive than the cost of a federal employee salary and benefit hourly costs. Hiring additional federal employees will not alleviate the need for nursing contract support. Contractor nursing support will be required to cover federal employee leave periods, fluctuations in upper-level of care resident census, and to provide additional services during special events/projects.

[Questions for the Record submitted by Congressman Bishop for The Honorable Max Cleland follows:]

Questions: Infrastructure Projects: In FY 2012 to save money the Commission chose to delay engineering work and capital expenditures and then sequestration hit. Can you provide the Subcommittee with some insight on the Commission's current capital program?

Answer: ABMC's FY 2016 budget requests \$16.9 million for Maintenance and Infrastructure programs. The four programs are Engineering and Maintenance, Interpretation, Horticulture, and Logistics.

Engineering and Maintenance: enables the Commission to evolve its existing structures and facilities and to develop new infrastructure to match changing world events and future assigned missions. The Engineering program maintains structures and facilities in excellent condition to ensure the integrity of the structure, the safety of visitors and employees, and the protection of materials and equipment. This program also maintains the headstones under our care in an exceptional condition to reflect the honor upon those whose graves they mark.

Interpretation: pursues opportunities to educate and inform our audiences at our sites and through education programs and emerging technologies in a way that evokes a lasting, personal connection. The Interpretation program also develops and maintains ABMC visitor centers and provides interpretive training in perpetuating the stories of those we honor.

Horticulture: ensures that the horticultural elements of cemetery plot areas, fine lawns, meadows and plantings meet or exceed our standards and reflect the honor bestowed upon those who served. This includes projects such as irrigation system replacement and plot drainage efforts. The Horticulture program also provides the cemeteries with the appropriate type and amount of equipment reflecting best industry practices.

Logistics: manages and maintains the ABMC vehicle fleet.

Most of the Commission's facilities range in age from 50 to 96 years old, with the Mexico City National Cemetery being nearly 160 years old. The permanent structures, grounds and plantings make the Commission's facilities among the most beautiful memorials in the world, yet their age requires significant funding to maintain them. These shrines to America's war dead require a formidable annual program of maintenance and repair. The Commission prioritizes the use of its Maintenance and Infrastructure program funds carefully to ensure the most effective and efficient utilization of available resources.

Projects funded under the Maintenance and Infrastructure programs are typically non-recurring in nature and reflect the prioritized capital improvement requirements at ABMC sites. In FY 2016, ABMC's program budget will fund projects as varied as electrical upgrades, cemetery plot leveling, road and drainage construction, service area upgrades, Clark Veterans Cemetery restoration, and World War I Centennial commemoration activities. Past support from the Subcommittees, Congress and the Administration has allowed ABMC to fund a robust

Maintenance and Infrastructure Program and to adequately address capital improvements within our cemeteries and memorials.

Question: What types of infrastructure and maintenance projects will we see in the future?

Answer: Future projects funded under the Maintenance and Infrastructure programs will continue to be as varied as described above. Estimates among the four programs will vary from year to year depending upon the levels of effort required under each program. As described in our budget submission, the Commission will begin to shift the Interpretation program from the construction of buildings to Telling the Story, interpretive services, and management of ABMC historic assets. This is designed to help fill a void in ABMC's historical preservation activities:

- Preserve heritage assets by both protecting and maintaining the commemorative sites to their original design intent and to exceptional standards. ABMC sites are completed works of civic art, reflecting the nation's perpetual commitment to the service and sacrifice honored within them, and
- Develop ABMC cultural and historical resources by actively collecting and documenting archival, photographic, and dimensional materials that enhance scholarship in and interpretation of our mission and our heritage assets.

Question: Clark Cemetery: Public Law 112-260 authorized the ABMC to operate and maintain Clark Veterans Cemetery. Since the Commission has taken over at Clark, what improvements have been completed and what do you expect to take place in the future?

Answer: Significant landscape work and immediate improvements to site security have taken place since ABMC received responsibility for Clark cemetery in December 2013. Immediately, ABMC secured the perimeter of the cemetery, added a security guard component (now managed via contract by the US Embassy in Manila), and started basic maintenance befitting this honored ground.

Initial assessments of horticultural conditions (turf, trees, soil) are complete, as is a comprehensive land survey and boundary survey (land ownership and property lines have long been an issue in the Philippines). Currently, a much more comprehensive survey of the plot area is underway, to include ground penetrating radar. Concurrently, a thorough administrative history to fully understand what we have there – and who – is ongoing and led by ABMC Headquarters.

Permanent site improvements have already begun with the construction of an equipment storage building and the addition of basic maintenance equipment, lighting, irrigation, and training maintenance staff. Planning for a permanent service area is underway and, longer term a taller, sturdier fence will be constructed once all site issues and major construction are complete.

Question: Do you have an estimate of the cost for maintaining Clark Cemetery and is there any concern that this cemetery will suck up all the resources of the Commission?

Answer: We do not yet have an estimate for all of the work to be completed for Clark. To date more than \$175,000 has been spent in purchasing professional horticultural equipment, cleaning, basic deferred maintenance and site security. We have made significant and visible progress in immediately improving the conditions within the plot areas. The before/after pictures are striking. We have hired a grounds foreman and helper, contracted with the U.S. Embassy in Manila for site security, built an equipment storage shed and purchased modern maintenance equipment. As the site assessment and final feasibility studies are completed (which include ground penetrating radar to fully understand what is out of sight underground) we will have a much more informed idea of the range for possible improvements.

When we have the final results of the condition assessment, we will be better positioned to determine additional future funding requirements, which will be considered by our Board of Commissioners and the Administration during the FY 2017 budget cycle. Regarding expectations and the concern that Clark could be a fiscal drain on ABMC, we will work closely with the Philippine government to ensure that only appropriate site improvements are funded. We are also relying on U.S. Government Federal acquisition regulations to make certain that all business operations are handled with fairness and cost effectiveness.

[Questions for the Record submitted by Congressman Bishop for Executive Director Hallinan follows:]

Question: Sequestration's Impact on Arlington National Cemetery: The Secretary of the Army decided not to furlough any Arlington Cemetery staff to avoid delays in burials; however, in a sequestration impact update report put together by ANC, it states that you are already short on personnel to conduct cemetery operations. My question has three parts, first, how many people do you currently have onboard now, second, how many do you need and finally how will the hiring freeze affect cemetery operations?

Answer: Sequestration reductions will reduce Arlington National Cemetery Cemetery's (ANC) ability to hire personnel to support the addition of the Millennium site as well as purchase equipment for this expansion area. ANC will also not be able to increase service contracts, too include the added Millennium area requirements. Another impact of sequestration reductions is that ANC will not be able to award maintenance contracts that are needed to ensure we properly maintain our facilities and infrastructure.

As of April 1, 2015, ANC currently has 150 civilians on board of an authorized 201 and another 84 hiring actions initiated to fill existing vacancies. ANC requested a manpower survey in the summer of 2014 to determine how many people are actually required to conduct ANC operations. The U.S. Army Manpower Analysis Agency and U.S. Force Manpower Support Agency just completed their onsite visits in support of this effort to "right size" ANC and are currently analyzing their data, with the goal of documenting requirements in October 2015.

A hiring freeze will slow ANC's ability to schedule and conduct funerals in the existing ANC sections, as well as the expanded Millennium site. Specifically, the interment scheduling and field interment divisions have a high turnover of personnel and a hiring freeze will result in our inability to fill those vacancies; thereby slowing our ability to conduct funerals resulting in a greater backlog of funerals and increasing the wait time for families to inter their love ones.

[Questions for the Record submitted by Congressman Bishop for Executive Director Hallinan follows:]

Question: Millennium Project: The FY2013 budget include \$84 million for the Millennium Project. Can you give the subcommittee a little background on this project and an update on its progress?

Answer: The Millennium Expansion Project is a project intended to add years to the lifespan of the Arlington National Cemetery (ANC). This project covers 27 acres of land at the northwestern corner of the cemetery, adjacent to Joint Base Meyer-Henderson Hall and it is intended to provide ANC with 27,282 new burial opportunities. A construction contract for this expansion was awarded in September 2013 and construction began in December 2013. The project is scheduled for completion in late spring 2016 and is currently on schedule and within budget.

[Questions for the Record submitted by Congressman Bishop for Executive Director Hallinan follows:]

Question: Southern Expansion: The Navy Annex was demolished to make way for the southern expansion. However, you ran into some issues with Arlington County because the Streetcar issue which was rejected. When will funding for this endeavor be requested? How much will it cost to realign the roads to meet Arlington's needs?

Answer: Construction funding for the Southern Expansion will be requested FY 2018. It will cost approximately \$30 million for the roadway realignment.

[Questions for the Record submitted by Congressman Bishop for Executive Director Hallinan follows:]

Question: Infrastructure Modernization: The subcommittee is well aware of the infrastructure needs of Arlington. Can you explain what infrastructure needs and how much of a backlog exist at Arlington?

Answer: The infrastructure needs of the cemetery are being systematically addressed as laid out in Arlington National Cemetery's (ANC) Capital Investment Strategy (CIS) (provided). Years of deferred maintenance resulted in critical infrastructure shortcomings that included: the need to replace all cemetery water lines, need to repair/rebuild a large percentage of roads within the cemetery, need to repair/rebuild large segments of the historical perimeter wall, need to repair/replace much of ANC's storm drain system, need to address electrical shortfalls and redundancy and the need to repair items such as flagstone sidewalks and preserve cultural resources/public monuments like the Mast of the Maine.

The staff has worked off some of the initial workload, but more remains. For example, to replace all the waterlines in the cemetery was determined to be a six phase project. At this time, almost five of the six phases are complete. ANC, with support from US Army Corps of Engineers Norfolk District, will award a construction contract for the final phase in FY16. Likewise, as laid out in the CIS, roads and perimeter stone walls will continue to be systematically rebuilt over the next five years. Public monuments and memorials are also being systematically evaluated and prioritized for restoration and preservation. The first thirteen of those will occur in FY15.

[Questions for the Record submitted by Congressman Bishop for Chief Judge Kasold follows:]

Question: In terms of caseload, you said that you are averaging 343 cases filed a month since FY 2005. What is the average wait time between the time a case is filed for the court and the time it is adjudicated?

Answer: In FY 2014, the median time from filing an appeal to disposition by a single judge decision was 14.1 months, and for a multiple judge opinion 23.5 months. Much of this time, about 200 days, involves conferencing, briefing, and preparation of the record of proceedings. Additionally, there routinely are requests from the parties for extensions of time to file or take other action. Currently, most cases are in judges' chambers for review and a written decision on average for less than 60 days.

Question: Over the past five years has the wait time increased, been stable or gotten shorter?

Answer: The wait time has decreased: in FY 2010, the median time from filing an appeal to disposition by a single judge decision was 19 months, and for a multiple judge opinion 27.9 months.

Question: Please explain all the actions that the court has taken to deal with the increased caseload?

Answer: My predecessor as Chief Judge implemented electronic case filing and management and our mandatory pre-briefing conference process. Over the past several years we have further modified the role of our Central Legal Staff, concentrating staff emphasis on the pre-briefing conference process, which in turn has maintained a high rate of consensual case resolution by the parties. We modified our process for recalling and supporting senior judges to help them be as productive as possible, and, on a limited basis, we adjusted case assignments within and to chambers to facilitate case processing. In sum, we have wrung most of the efficiencies out of the system that we can.

[Questions for the Record submitted by Congressman Bishop for Mr. Steven G. McManus follows:]

TRUST FUND

Question: Deductions from the pay of enlisted members, warrant officers, and limited duty officers help fund the Trust Fund. What affect will the reductions in military end strength have on the Trust Fund and are you prepared to deal with lower contributions?

Answer: Reduction of military end strength will certainly have a negative effect on the Armed Forces Retirement Home (AFRH) Trust Fund balance. Currently, annual outlays are exceeding annual revenue by approximately \$10 million. AFRH is working with Department of Defense leadership to take steps to increase other revenue streams in FY15, with a view to partially addressing this deficit.

Solvency of the AFRH Trust Fund is our most crucial challenge; however, we are confident that the totality of steps currently being proposed (appropriate increases in resident fees, active duty withholding increase, and the lease of AFRH-W underutilized land) will support rebuilding our Trust Fund balance. Our best option for increasing the Trust Fund balance is our aggressive pursuit of leasing the underutilized AFRH-Washington property. As presently envisioned, this should take place by the end of FY 2017. However, we will not recommend leasing the land unless the market dictates, so as to ensure with some certainty that the lease will generate adequate Trust Fund revenue to continue the AFRH mission for future generations. Please be assured that we will comply with all required congressional notifications associated with the proposed changes referenced above.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: Please elaborate on the process that led to the decision not to develop another national cemetery of the same stature as ANC to serve veterans upon ANC's inevitable closure. Specifically, please identify the individuals who have rejected the option to explore the metrics involved in the creation of a "New Arlington".

Answer: The National Cemeteries Act of 1973 (PL 93-43) transferred the responsibility for opening and operating National Cemeteries (with the exception of Arlington National Cemetery (ANC) and the United States Soldiers' and Airmen's Home National Cemetery (USSAHNC) from the Army to the Department of Veterans Affairs (VA). The Army has no legal authority to open or operate a National Cemetery beyond ANC and the SAHNC and as such the Army has taken no action (to include discussion with any parties) to evaluate opening a new National Cemetery. The National Cemetery Administration (NCA) is aware that ANC will likely be closed to new interments in less than 50 years and will take appropriate actions to ensure that the National Cemetery system is equipped to handle the approximate 7,000 additional annual interments spread across the open National Cemeteries throughout the United States. The Army considers all National Cemeteries to be of equal stature and burial in a particular cemetery is not a higher honor than another. ANC is a very unique cemetery solely due to its long and storied history and its close proximity to our nation's capital.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: How did input from major national veteran service organizations including, AmVets, Veterans of Foreign Wars, the American Legion and the Disabled American Veterans impact the decision not to pursue a "New Arlington"?

Answer: The Department of the Army is not authorized to open additional cemeteries and therefore has no authority to propose or solicit input from non-governmental entities regarding doing so. Arlington National Cemetery (ANC) serves less than 1 % of the eligible veteran population.

The Advisory Committee on Arlington National Cemetery has the congressionally mandated responsibility to advise the Secretary of the Army on Master Planning at ANC. Currently, the Honor subcommittee is studying the impacts of eligibility and various honors rendered at ANC.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: Was the decision not to consider the construction of another cemetery of equal stature to ANC made in consultation with the Secretaries and Chiefs of each branch of the Armed Services

Answer: The National Cemeteries Act of 1973 (PL 93-43) transferred the responsibility for opening and operating National Cemeteries (with the exception of Arlington National Cemetery (ANC) and the United States Soldiers' and Airmen's Home National Cemetery (USSAHNC) from the Army to the Department of Veterans Affairs (VA). The Army has no legal authority to open or operate a National Cemetery beyond ANC and the SAHNC and as such the Army has taken no action (to include discussion with any parties) to evaluate opening a new National Cemetery.

Arlington National Cemetery has consistently informed applicable oversight committees and senior Department of Defense leadership of current capacity and expected timeline for exhaustion of first interment burial space. ANC is currently working with the Center for Army Analysis (CAA) to assess burial space utilization requirements to inform plans for the final design construct of the Southern Expansion of Arlington National Cemetery. An identified increase in the trend for cremation of remains for veterans and their families has allowed ANC to maximize ground burial opportunities. This information allowed ANC to increase the yield of several new interment sections. At the end of the CAA study, ANC will be better informed and can reassess the potential timeline for exhaustion of first interment burial opportunities.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: Is the President aware of the decision to allow ANC to reach capacity without plans for a cemetery of equal stature to serve veterans who will not be afforded the option of being buried at ANC?

Answer: Arlington National Cemetery has consistently informed applicable oversight committees and senior Department of Defense leadership of current capacity and expected timeline for exhaustion of first interment burial space. ANC is currently working with the Center for Army Analysis (CAA) to assess burial space utilization requirements to inform plans for the final design construct of Southern Expansion of Arlington National Cemetery. An identified increase in the trend for cremation of remains for veterans and their families has allowed ANC to maximize ground burial opportunities. This information allowed ANC to increase the yield of several new interment sections. At the end of the CAA study, ANC will be better informed and can reassess the potential timeline for exhaustion of first interment burial opportunities.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: Are you continuing to track burials by geographical location? If so, can you please provide the committee with your report?

Answer: Arlington National Cemetery (ANC) does not track burials by geographical location. ANC processes all requests for burial using a Customer Service Call Center which records pertinent burial information, including the funeral home name and location as well as the name and address for the person authorized to direct disposition and primary next of kin. The automated burial system of record includes the current address of the person authorized to direct disposition for each eligible veteran interred or inurned. A request for data has been sent to the Army Analytics Group to retrieve a report which identifies the various states of residence of these persons for all FY 2014 interments. Additionally, the Center for Army Analysis is currently conducting a study to inform the design plan for burial space utilization for the cemetery's Southern Expansion. This study is not complete but research data has determined that in 2013, California was the state with the highest veteran population, closely followed by Texas and Florida in that order. The study predicts by 2043, this will change to Texas, Florida and then California.

[Questions for the Record submitted by Congressman Farr for Executive Director Hallinan follows:]

Question: What studies have been performed to assess the impact that the closure of ANC will have on the National Veterans Cemeteries expected to assume the influx of veteran burials?

Answer: The Center for Army Analysis study has determined from data acquired from the National Cemetery Administration (NCA) that, veteran interments at National Cemeteries according to the NCA have been increasing over the past 13 years (yearly interments remains the same (~40,000) but inurnments have doubled between 2000 and 2013). NCA is projected based on this trend to go from servicing 10% of the veteran decedent population in 2002 to 28% by 2042.

Arlington National Cemetery (ANC) interments have remained relatively steady due to operating at maximum capacity over the past 13 years. The population of veterans who died prior to 2015 and a projection of veteran deaths forward indicate that ANC services between 0.7 and 1.0 percent of the total veteran decedents.

The percentage of veteran decedents within ground burial qualifying awards fluctuates between 0.5% and 1.2% of the yearly veteran decedent population.

[Questions for the Record submitted by Congressman Farr for Mr. Steven G. McManus follows:]

Armed Forces Retirement Home

Question: Based on the number of aging members of the military and veteran's communities, do you foresee the necessity of establishing more Retirement Homes in the immediate future?

Answer: The Armed Forces Retirement Home (AFRH) in Washington, DC does not have a waiting list. Thus, we do not foresee the necessity of establishing additional facilities in the near future and given AFRH's current Trust Fund balance and the revenue reductions we are currently experiencing, AFRH does not have plans to expand beyond our current two Homes.

Question: What is the timeline and budgetary necessities to facilitate such an expansion?

Answer: AFRH does not have plans to expand beyond our current two Homes because of our Trust Fund solvency concerns and the revenue reductions we are currently experiencing.

Question: Given that there is a two year waitlist at the Gulfport Retirement home, why has there been no consideration of expansion to accommodate these veterans in need?

Answer: AFRH does not have plans to expand beyond our current two Homes because of our Trust Fund solvency concerns and the revenue reductions we are currently experiencing. There is a waiting list (approximately 26-29 months) to become a resident at AFRH-Gulfport. The AFRH-Washington facility currently has availability for approved applicant move-ins. To meet the needs of eligible persons as quickly as possible, AFRH offers applicants who already have been approved for residence at AFRH-Gulfport, the opportunity to reside temporarily at AFRH-Washington, until such time as they reach the top of the waiting list for the Gulfport facility. If these residents are in Independent Living at the time their name reaches the top of the Gulfport waiting list, they are relocated to the AFRH-Gulfport facility. What resources would be required to facilitate such an expansion?

Answer: In order for AFRH to expand, sufficient land for a facility, funding to build the facility, and a revenue stream to support up to 80% of the annual operating costs of the new facility would be required.

Question: You mentioned that the resident contribution at the two facilities is approximately 35% of an individual's income; an average of \$800-\$900 per month. Is there an income threshold a veteran must meet to be considered for residency?

Answer: No. Each applicant is reviewed individually and applicants are accepted, regardless of their ability to pay, based on criteria established in applicable legislation.

Answer: In accordance with Title 24, U.S. Code, § 412, persons who served as members of the Armed Forces, at least one-half of whose service was not active commissioned service (other than as a Warrant Officer or Limited Duty Officer), are eligible to become residents at AFRH if they: are 60 years of age or over and were discharged or released from service in the Armed Forces under honorable conditions after 20 or more years of active service; are determined under rules prescribed by the AFRH Chief Operating Officer to be incapable of earning a livelihood because of a service-connected disability incurred in the line of duty in the Armed Forces; served in a war theater during a time of war declared by Congress or were eligible for hostile fire special pay under section 310 of title 37, U.S. Code; were discharged or released from service in the Armed Forces under honorable conditions; and are determined under rules prescribed by the AFRH Chief Operating Officer to be incapable of earning a livelihood because of injuries, disease, or disability served in a women's component of the Armed Forces before the enactment of the Women's Armed Services Integration Act of 1948 [enacted June 12, 1948], and are determined under rules prescribed by the AFRH Chief Operating Officer to be eligible for admission because of compelling personal circumstances.

Question: Otherwise qualified applicants who have been convicted of a felony, or who are not free of drug, alcohol, or psychiatric problems are ineligible to become a resident of AFRH. If the retirement home is meant to serve indigent veterans, please define "indigent" as interpreted by your organization.

Answer: Each applicant is reviewed individually and applicants are accepted, regardless of their ability to pay, based on qualifications set forth in Title 24, U.S. Code, § 412. Each AFRH resident's month fee is based on either a percentage of his/her monthly income, after allowable deduction, or a maximum monthly fee, whichever is less. For those residents whose fee is calculated as a percentage of their monthly income, their fee is set to ensure that they retain \$150/month for incidentals. Accordingly, some residents do pay less than the set percentage of their income. Based upon this fee structure, AFRH has several residents who pay less than \$100/month.

Question: Given the rise in homeless veterans and the VA's overall goal to functionally eliminate veteran homelessness by the end of 2015, why is the Armed Services Retirement home not expanding their reach with more homes in different regions of the U.S.?

Answer: AFRH does not have plans to expand beyond our current two Homes because of our Trust Fund solvency concerns and the revenue reductions we are currently experiencing.

Question: How is the Armed Forces Retirement Home advertising their availability to veterans in need?

Answer: In our continued efforts to outreach to eligible veterans, AFRH actively pursues partnerships with active duty and retired military members, stakeholders, Veterans Service Organizations and local communities. In the last year, AFRH has advertised using several means including:

- *Air Force Sergeant Association (Almanac)
- *Air Force Sergeants Association (Magazine)
- *American Legion (National)
- *DC Military.com (web based)
- *Federal Benefits for Veterans, Dependents & Survivors (Department of Veterans Affairs)
- *Fleet Reserve Association
- *Military Retiree Newsletters (Echoes, Shift Colors, Afterburner, Semper Fidelis)
- *My Army Benefits
- *National Association Uniformed Services
- *National Veterans
- *Non-Commissioned Officer Association
- *Retiree Councils (All Branches)
- *Senior Beacon Magazine (DC metro area)
- *The Retired Enlisted Association-The Voice
- *Uniformed Services Benefits
- *Veterans of Foreign Wars (National)

[Questions for the Record submitted by Congresswoman Lee for the Honorable Max Cleland follows:]

Questions: As a member of CAPAC – I also wanted to let you know that I am pleased that you were able to begin the basic maintenance of the Manila American Cemetery, and was pleased to see that in the Republic of the Philippines you were able to restore and maintain Clark Veterans Cemetery in the Philippines as ABMC's 25th cemetery.

Again I applaud you on all the work that you are doing with the memorial abroad with the foreign wars.

Closer to home, I know you have partnered with the National Park Service to renovate and upgrade kiosks and educational content at the World War II and Korean War memorials on the National Mall, significantly enhancing the visitor experience and that a monument at Midway Island has been designed and fabricated and is awaiting installation;

But I want to ask about the Black Veterans and honoring their service and sacrifice. I know that the Buffalo Soldiers have been a long standing part of our nation's history and were our first Park Rangers, contributing to helping build trails in Yosemite. What are you doing to make sure that the Buffalo Soldiers are being properly honored?

Answer: Impressive monuments to the memory and contributions of the Buffalo Soldiers exist at Fort Leavenworth, Kansas, the home of the original 10th Cavalry (dedicated in 1993 by General Colin Powell); at Fort Bliss, Texas; at the United States Military Academy, West Point, New York, where the Buffalo Soldiers were stationed from 1907-1946; and at Junction City, Kansas. Additionally, the Buffalo Soldiers National Museum is located in Houston, Texas.

Overseas, the 92nd Infantry Division, the only one of three African-American divisions activated during World War II that served as a full division in combat, is included in the story told in the new visitor center at Sicily-Rome American Cemetery in Italy. One of the personal stories told in the center is that of Lieutenant John Fox. Surrounded by enemy troops, Fox ordered a heavy barrage concentrated on his own position. Three days later, the Allies retook the town and found Fox's body amid those of more than 100 enemy soldiers. He posthumously received the Medal of Honor in 1997, 53 years after his death.

Another example is Corporal Freddie Stowers, 371st Infantry Regiment, 93rd Division, who was killed in action during World War I while serving with his regiment under French command. His story will be told in the new visitor center at Meuse-Argonne American Cemetery in France. He, too, posthumously received the Medal of Honor for his actions and is at rest in our Meuse-Argonne Cemetery.

Finally, the ABMC staff has been intimately involved in the design of the military galleries of the Smithsonian's newly constructed African-American Museum scheduled to open in 2016. These galleries will include fitting tributes to African-American Soldiers, Sailors, Airmen, Marines and Coastguardsman who have served their country.

We remain profoundly engaged in honoring and telling the story of America's diverse military. It is the essential mission of our agency.

[Questions for the Record submitted by Congresswoman Lee for Executive Director Hallinan follows:]

Thank you, Mr. Chairman and Ranking Member Bishop, for holding this morning's important hearing.

Thank you also to all our witnesses for joining us here this morning. I appreciate your lending us your expertise and spending some time with us.

As the daughter of a Veteran, I understand the sacrifice that our servicemen and women make on behalf of our nation. I applaud them and I applaud those of you who support them in their endeavors.

I am committed to making sure our senior veterans are taken care of as they age, and that we are keeping up to date all the resources necessary for the veteran's cemetery and burial grounds. As we lay our soldiers to rest, on behalf of the American people, lay to rest those who have served our Nation with dignity and honor, treating their families with respect and compassion.

Lastly, I am committed to honoring the sacrifice that so many have made, and would like to hear more about the memorial needs and how they reflect the bravery of all those who have served.

Question re: Burial Services and Arlington Cemetery

The President's FY 2016 Budget recently increased Arlington's Budget Control Act (BCA) funding level from \$45.8M to \$70.8M, and stated that this level of funding is adequate to maintain Arlington's Operating Budget into the foreseeable future, not including anticipated capital costs.

After years of planning, in January 2014- I know you broke ground on our Millennium Project to expand the cemetery to the North. With the support of the US Army Corps of Engineers - Norfolk District, this important project is currently within budget and on schedule to be completed in 2016, and will provide the Cemetery and the Nation an additional 27,282 burial opportunities.

Question: As many of our veterans from WW2, the Korean and Vietnam War are passing on I want to ask if there is adequate space for all of them. What do you require to expand Arlington National Cemetery to increase burial capacity?

Answer: In order to expand Arlington National Cemetery to increase burial capacity beyond the already existing projects, contiguous land surrounding ANC would be required.



Established by Congress 1923

American Battle Monuments Commission Fiscal Year 2016 Appropriation Request

Submitted to the
114th Congress of the United States, Second Session

Senate Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies
and
House Committee on Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related Agencies

February 2, 2015

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EXECUTIVE SUMMARY

Total Budget Authority

The American Battle Monuments Commission (ABMC) requests \$77,100,000 in total budget authority and a 409 Full-Time Equivalent (FTE) employment level. This request will support ABMC's Fiscal Year (FY) 2016 requirements to commemorate the service, achievements, and sacrifice of American armed forces. This request is a \$1,000,000 increase above the Commission's FY 2015 budget authority. No change is requested in the Commission's FTE employment level.

The Salaries and Expenses account request is \$75,100,000. This request will fund increases for personnel compensation, payments to the Department of State, and horticulture requirements in the cemeteries. These increases are partially offset by decreases in service contracts, printing, office supplies, equipment, and the Maintenance and Infrastructure Program.

The request for the Foreign Currency Fluctuations Account is \$2,000,000. No increase above the FY 2015 funding level is requested. This funding is required to retain the Commission's buying power against currency losses and may only be used for the difference between the actual Treasury exchange rates and the Commission's budget rate.

These requests are discussed in greater detail in Part 2.

Funding Request Summary

	(\$ in Millions)			
	FY 2014 Appropriation	FY 2015 Appropriation	FY 2016 Request	Change from FY 2015 Appropriation
Salaries & Expenses	63.200	74.100	75.100	1.000
Foreign Currency	14.100	2.000	2.000	0.000
TOTAL Budget Authority	77.300	76.100	77.100	1.000
FTE	400	409	409	0

PART 1: INTRODUCTION**Mission**

The Commission's mission statement communicates its essence to stakeholders and the public. We believe it is a full and inspirational expression of our purpose.

The American Battle Monuments Commission – guardian of America's overseas commemorative cemeteries and memorials – honors the competence, courage and sacrifice of United States armed forces.

Vision

Our vision statement originates from the words of our first Chairman, General of the Armies John J. Pershing. These words connect the very beginning of the Commission to our vision of the future.

Fulfill the promise that "time will not dim the glory of their deeds."

Values

Our values represent the Commission's priorities and culture, and define how our team members act within the organization.

- Excellence – We strive for excellence in everything we do
- Integrity – We do what is right: legally, morally, and ethically
- Stewardship – We are careful and responsible guardians of the sacred mission entrusted to our care
- Commitment – We are dedicated to our mission, each other, and the public we serve
- Respect – We treat others with high regard and one another as valued members of our team

Who We Serve

Since ABMC was founded in 1923, the success of our mission has depended on the engagement of our stakeholders. Over time, our approach to accomplishing our mission has evolved to meet the changing needs of these various individuals. This section outlines the major groups that we have traditionally served and the types of activities we have provided.

- Veterans, Family, and Friends Honored for Their Service or Their Loss – We honor the veterans, family members, and friends of United States military who have served our country or endured the loss of a loved one who served. This group has the closest ties to our sites, and we strive to provide them with the most positive experience possible. For immediate family members who want to visit a family member's burial or memorialization site, we provide

letters authorizing fee-free passports for traveling overseas to visit the memorial site and escort services for family members to grave and memorial sites within the cemetery.

- **Military and Public Officials** – We host a variety of special events and commemorations throughout the year, including Memorial Day and Veterans Day holidays, to honor the freedom preserved and restored and the lives lost. Host country and U.S. government officials, diplomats, and military representatives attend these events with the public. In addition, military units hold ceremonies to honor their fallen comrades, and foreign organizations pay tribute to those who died liberating their regions.
- **Guests and Visitors** – We receive millions of American and foreign visitors of all generations at ABMC cemeteries and memorials, where they can learn and be inspired by the meticulous stewardship of the memorials and interpretation of the stories of our armed forces. We provide a variety of services to these visitors, including direction, advice on modes of transportation, and information on local accommodations.
- **ABMC Partners** – We support and provide information to our partners that help us further our mission, including other government agencies, historians and educators, the travel and tourism industry, and the media. Through these partnerships, we promote our mission, encourage visits to our commemorative sites, and educate and inspire the public.

History and Background

Recognizing the need for a federal agency to be responsible for honoring the fallen members of American armed forces where they had served abroad and for controlling the construction of military monuments and markers on foreign soil, the Congress enacted legislation in 1923 creating the American Battle Monuments Commission.

The Commission is an independent agency of the Executive Branch of the United States (U.S.) federal government. It is responsible for commemorating the service, achievements, and sacrifice of American armed forces in the U.S. and where they have served overseas since April 6, 1917 (the date of U.S. entry into World War I), through the erection of suitable memorial shrines; for designing, constructing, operating, and maintaining permanent American military burial grounds in foreign countries; for controlling the design and construction of U.S. military monuments and markers in foreign countries by other U.S. citizens and organizations, both public and private; and for encouraging the maintenance of such monuments and markers by their sponsors. In performing these functions, the Commission administers, operates and maintains twenty-five permanent American military burial grounds and twenty-three separate memorials, monuments and markers on foreign soil, and three memorials in the United States.

Cemeteries

Aisne-Marne American Cemetery, France	Manila American Cemetery, the Philippines
Ardennes American Cemetery, Belgium	Meuse-Argonne American Cemetery, France
Brittany American Cemetery, France	Mexico City National Cemetery, Mexico
Brookwood American Cemetery, England	Netherlands American Cemetery, the Netherlands
Cambridge American Cemetery, England	Normandy American Cemetery, France
Clark Veterans Cemetery, the Philippines	North Africa American Cemetery, Tunisia
Corozal American Cemetery, Panama	Oise-Aisne American Cemetery, France
Epinal American Cemetery, France	Rhone American Cemetery, France
Flanders Field American Cemetery, Belgium	Saint-Mihiel American Cemetery, France
Florence American Cemetery, Italy	Sicily-Rome American Cemetery, Italy
Henri-Chapelle American Cemetery, Belgium	Somme American Cemetery, France
Lorraine American Cemetery, France	Suresnes American Cemetery, France
Luxembourg American Cemetery, Luxembourg	

Memorials, Monuments and Markers

Audenarde Monument, Belgium	Montfaucon Monument, France
Belleau Wood Marine Monument, France	Montsec Monument, France
Bellicourt Monument, France	Papua Marker, New Guinea
Brest Naval Monument, France	Pointe du Hoc Ranger Monument, France
Cabanatuan Memorial, the Philippines	Saipan Monument, Northern Mariana Islands
Cantigny Monument, France	Santiago Surrender Tree, Cuba
Chateau-Thierry Monument, France	Sommepy Monument, France
Chaumont Marker, France	Souilly Marker, France
East Coast Memorial, New York City	Tours Monument, France
Guadalcanal Memorial, Solomon Islands	Utah Beach Monument, France
Honolulu Memorial, Honolulu	West Coast Memorial, San Francisco
Kemmel Monument, Belgium	Western Naval Task Force Marker, Morocco
Korean War Monument, Republic of Korea	World War I Naval Monument, Gibraltar

As of August 20, 2014, 124,905 U.S. war dead were interred in the Commission's 25 cemeteries: 30,922 of World War I; 93,233 of World War II; and 750 of the Mexican War. Additionally, nearly 15,000 American veterans and others are interred in the Mexico City National Cemetery, Corozal American Cemetery in Panama, and Clark Veterans Cemetery in the Philippines. Commemorated individually on tablets at the World War I and World War II cemeteries and three memorials on U.S. soil are the names of 94,139 U.S. servicemen and women listed as missing in action or lost or buried at sea in their general regions during the World Wars and the Korean and Vietnam Wars.

Each grave site in the permanent American World War I and World War II cemeteries on foreign soil is marked by a headstone of pristine white marble. Annotated on the headstones of the World War I war dead who could not be identified is the phrase, "HERE RESTS IN HONORED GLORY AN AMERICAN SOLDIER KNOWN BUT TO GOD." In the World War II cemeteries, the words "AMERICAN SOLDIER" were replaced with the words "COMRADE IN ARMS."

The Commission's World War I, World War II, and Mexico City cemeteries are closed to future burials except for the remains of U.S. war dead found from time to time in the World War I and World War II battle areas. The Corozal American Cemetery outside Panama City, Panama, and Clark Veterans Cemetery in the Philippines are the only active cemeteries the Commission maintains.

Organization

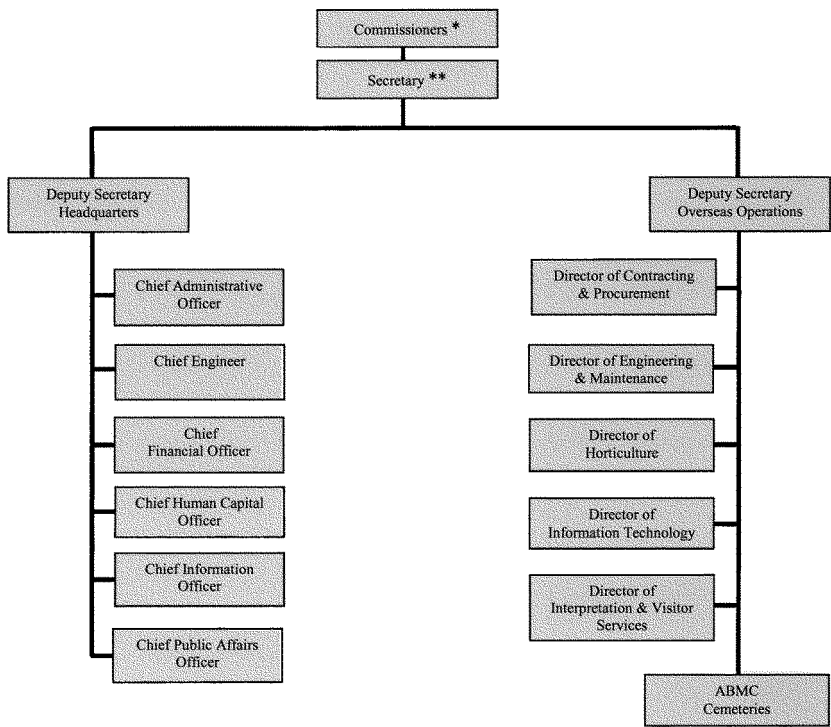
The Board of Commissioners constitutes the policy-making body of the Commission. The President of the United States appoints up to eleven members, who serve for an indefinite term without pay. They meet with the Secretary and professional staff of the Commission at least twice annually. The Commissioners establish policy and ensure proper staff functioning for the Commission to carry out its mission. During inspections, they observe, inquire, comment upon, and make recommendations on any and all aspects of the Commission's operations.

Commission

The Honorable Merrill McPeak – Chairman
 The Honorable Cindy Campbell
 The Honorable Barbaralee Diamonstein-Spielvogel
 The Honorable Darrell Dorgan
 The Honorable Larry Ellis
 The Honorable John Estrada
 The Honorable Rolland Kidder
 The Honorable Richard Klass
 The Honorable Thomas Lamont
 The Honorable Constance Morella

 The Honorable Max Cleland – Secretary

The Commission's daily operations are directed by an Executive Level Secretary appointed by the President. The Commission is currently staffed by 409 FTE consisting of both U.S. General Schedule and Foreign Service National civilian employees. The agency headquarters is located in Arlington, Virginia, and a field operations office responsible for all overseas cemeteries and memorials is located in Garches, France, just outside Paris. This organization plan is reflected below:



* Chairman and up to 10 Commissioners appointed by the President

** Appointed by the President

The Commission also administers trust funds to (1) build memorials authorized by Congress, but financed primarily from private contributions, commemorative coin proceeds, or investment earnings; (2) decorate grave sites with flowers from private contributions; and (3) maintain and repair nonfederal war memorials with private contributions.

Operations

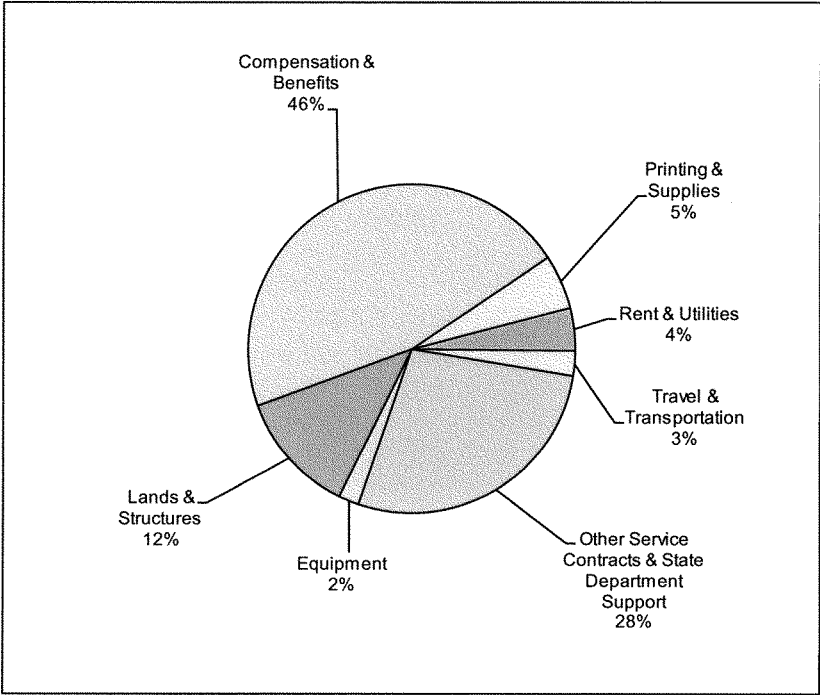
The Commission's FY 2016 funding request focuses on providing the appropriate amount of funding for personnel costs, service fees, scheduled maintenance and repairs, supplies, spare parts, replacement equipment, and capital improvements enabling the Commission to perform its mission.

Most of the Commission's facilities range in age from 50 to 96 years old, with the Mexico City National Cemetery being nearly 160 years old. The permanent structures, grounds and plantings make the Commission's facilities among the most beautiful memorials in the world, yet their age requires increased funding

levels to maintain them. These shrines to America's war dead require a formidable annual program of maintenance and repair of facilities, equipment, and grounds.

The Commission prioritizes the use of its engineering, maintenance and horticulture funds carefully to ensure the most effective and efficient utilization of its available resources. This care includes upkeep of more than 140,000 graves and headstones and 74 memorial structures (within and external to the cemeteries) on approximately 1,680 acres of land. Additionally, the Commission maintains 65 visitor facilities and quarters for assigned personnel; 67 miles of roads and paths; and over 900 acres of ornamental landscaping and fine lawns.

Care and maintenance of these resources requires exceptionally intensive labor at the Commission's cemeteries and memorials. Compensation and benefits consume 46 percent of the Commission's FY 2016 request while the remaining 54 percent supports engineering, maintenance, logistics, services, supplies and other administrative costs critical to its operations.



PART 2: FY 2016 BUDGET REQUEST

Overview of FY 2016 Request

The Commission requests \$77,100,000 in total budget authority and a 409 FTE employment level. This request will support ABMC's FY 2016 requirements to commemorate the service, achievements, and sacrifice of American armed forces. This request is a \$1,000,000 increase above the Commission's FY 2015 budget authority. No change is requested in the Commission's FTE employment level.

The Salaries and Expenses account request is \$75,100,000. This request will fund increases for personnel compensation, payments to the Department of State, and horticulture requirements in the cemeteries. These increases are partially offset by decreases in service contracts, printing, office supplies, equipment, and the Maintenance and Infrastructure Program.

The request for the Foreign Currency Fluctuations Account is \$2,000,000. No increase above the FY 2015 funding level is requested. This funding is required to retain the Commission's buying power against currency losses and may only be used for the difference between the actual Treasury exchange rates and the Commission's budget rate.

Funding Request Summary

	(\$ in Millions)			
	FY 2014 Appropriation	FY 2015 Appropriation	FY 2016 Request	Change from FY 2015 Appropriation
Salaries & Expenses	63.200	74.100	75.100	1.000
Foreign Currency	14.100	2.000	2.000	0.000
TOTAL Budget Authority	77.300	76.100	77.100	1.000
FTE	400	409	409	0

Proposed Appropriations Language

Federal Funds:

**Salaries and Expenses
Treasury Account ID: 74-0100-0**

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one-for-one replacement basis only) and hire of passenger motor vehicles; not to exceed \$7,500 for official reception and representation expenses; and insurance of official motor vehicles in foreign countries, when required by law of such countries, [~~\$74,100,000~~]~~\$75,100,000~~, to remain available until expended. (*Consolidated and Further Continuing Appropriations Act, 2015*)

**Foreign Currency Fluctuations Account
Treasury Account ID: 74-0101-0**

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, such sums as may be necessary, to remain available until expended, for purposes authorized by section 2109 of title 36, United States Code.

Fiscal Year 2016 Request – Salaries and Expenses – \$75,100,000

The Commission's FY 2016 budget request for Salaries and Expenses of \$75,100,000 fully supports the agency's mission requirements. It is \$1,000,000 above the funding provided by the *Consolidated and Further Continuing Appropriations Act, 2015* (Public Law 113-235).

The Commission took the opportunity during the FY 2016 budget formulation process to align agency resource requirements and to review priorities in the Maintenance and Infrastructure Program. This funding level will support compensation and benefits, rental of office space, utilities, payments to the Department of State for the International Cooperative Administrative Support Service and for the Capital Security Cost Share Program, routine maintenance contracts, printing and supplies, other service and support contracts, travel and transportation, equipment, and capital improvements at the cemeteries and memorials.

FY 2015 Salaries and Expenses	\$74,100,000
Adjustments:	
Compensation and Benefits	\$602,000
Department of State CSCSP and MSC	\$676,000
Department of State ICASS	\$130,000
Horticulture Rentals, Maintenance, and Supplies	\$194,000
Service Contracts, Printing, Supplies, and Equipment, net decrease	(\$314,000)
Maintenance and Infrastructure Programs, net decrease	(\$288,000)
Subtotal Adjustments	<u>\$1,000,000</u>
FY 2016 Salaries and Expenses	\$75,100,000

Adjustments from the FY 2015 Budget

Compensation and Benefits..... \$602,000
For FY 2016, the Commission is requesting an increase of \$602,000 for Salaries & Benefits. The Commission operates in an overseas environment where personnel compensation expenses increase annually regardless of Federal pay guidance for personnel benefits for employees worldwide, including health insurance, social security, and other allowances. This increase will fund such annual increases plus an estimated 1.0 percent pay increase for U.S. employees and Foreign National workforce under the Administration's FY 2016 pay assumptions.

Department of State CSCSP and MCS \$676,000
Payments to Department of State for the Capital Security Cost Sharing (CSCS) and Maintenance Cost Sharing (MSC) programs will increase in FY 2016 to \$1,136,000. In FY 2016, the Department of State will begin billing participating agencies for the MCS program. An increase of \$676,000 is requested.

Department of State ICASS..... \$130,000
Payments to Department of State for the International Cooperative Administrative Support Service will increase in FY 2016. An increase of \$130,000 is requested.

The Commission expects to incur increased security expenses through ICASS in FY 2016.

Horticulture Rentals, Maintenance, and Supplies..... \$194,000
The Commission is requesting \$194,000 to fund the increases necessary for the annual and recurring horticulture maintenance requirements in the cemeteries and memorials. These expenses consist of equipment rentals, irrigation and other maintenance needs (such as tree trimming, core aeration, treatments, and waste removal), and horticulture supplies (such as grass, seeds, flowers, plants, fertilizers, and pesticides).

Service Contracts, Printing, Supplies, and Equipment, net decrease.... (\$314,000)
A net decrease of \$314,000 is requested in the areas of service contracts, printing, supplies, and equipment. Increases in cemetery security efforts, visitor maintenance requirements, accounting system cross servicing contracts with the Department of the Interior, and routine cemetery maintenance expenses are offset by decreases in non-recurring, one-time FY 2015 efforts in the areas of strategic planning, information technology, payroll servicing, and human resources.

Maintenance and Infrastructure Programs, net decrease..... (\$288,000)
The Commission is requesting a decrease in funding for the Maintenance and Infrastructure Program of \$288,000. The overall FY 2016 Maintenance and Infrastructure Program request level of \$16,936,000 will support the program requirements of ABMC in engineering, horticulture, interpretation, and logistics. This decrease reflects the project requirements in these areas prepared during the budget formulation priority review process for the Maintenance and Infrastructure Programs.

Full-Time Equivalent Employment Level

The Commission’s FY 2016 request includes a 409 FTE employment level. In FY 2013, ABMC’s FTE level decreased from 409 authorized FTE to 400 based on actual usage. ABMC is funding an FTE level of 409 in FY 2015. Funding for 409 FTE is requested in the Commission’s personnel compensation line for FY 2016.

During FY 2014, ABMC dedicated and opened three visitor centers at Sicily-Rome, Florence and Pointe du Hoc. Two additional visitor centers showcasing World War I cemeteries (Meuse-Argonne and Flanders Field) are under construction now and will be dedicated in 2016. ABMC is conducting staffing analysis now and at least one permanent cemetery guide is anticipated for each location, as well as seasonal employees to handle periods of peak visitation. Finally, during FY 2015 ABMC hired two permanent Local National employees for Clark Veterans Cemetery and contracted locally for significant grounds maintenance and other needed services.

Maintenance and Infrastructure Programs

(\$ in thousands)

Program	FY 2014 Appropriation	FY 2015 Appropriation	FY 2016 Request
Engineering and Maintenance	11,175	12,035	7,705
Horticulture	441	2,008	2,121
Interpretation	4,810	3,152	7,006
Logistics	1,068	26	104
TOTAL	17,494	17,221	16,936

Engineering and Maintenance Program

The high quality of the commemorative sites maintained by the Commission demonstrates a national commitment to America's war dead. These cemeteries and memorials are among the most beautiful and meticulously maintained sites in the world. Commission staff are the stewards of these sites, and the condition of the sites reflect the degree to which this organization seeks excellence. Operating, maintaining, and improving ABMC facilities to this standard requires a robust Engineering and Maintenance Program.

Projects the Commission proposes to execute in FY 2016 include:

- restore Clark Veterans Cemetery;
- renovate the main road and storm drainage at the Netherlands American Cemetery;
- replace the walking paths at the Pointe du Hoc Ranger Monument; and
- upgrade the service area and resurface the access road at the Epinal American Cemetery.

Horticulture Program

The Commission's goal for the Horticulture Program is to ensure that the horticultural elements of cemetery plot areas, fine lawns, meadows and plantings reflect the honor bestowed upon those who served. Program activities include the replacement of irrigation systems and major tree or feature replacements. In FY 2015, the horticulture equipment budget line was transferred from the Logistics Program to the Horticulture Program. The equipment replacement program ensures that cemeteries have the appropriate type and amount of equipment reflecting best industry practices.

The FY 2016 Horticulture Program request will fund plot leveling and drainage at the Florence American Cemetery in addition to scheduled equipment replacement.

Interpretation Program

Meticulously maintaining our cemeteries and memorials is and will remain ABMC's core mission. But that alone is not enough to honor those who served; the Commission must also preserve and communicate their stories of competence, courage, and sacrifice. Telling the story of those who fought and died through the creation of interpretive centers began with the opening of the Normandy Visitor Center in May 2007. The Commission's interpretive program is advancing at multiple sites in Europe, with new visitor centers opened at Cambridge and Sicily-Rome cemeteries and the Pointe du Hoc Ranger Monument. Renovations to develop visitor centers at the Meuse-Argonne American Cemetery and the Flanders Field American Cemetery are underway.

The Commission in FY 2016 will begin to shift the Interpretation Program from the construction of buildings to Telling the Story, interpretive services, and management of ABMC's historic assets.

In order that the Commission appropriately continue to honor America's fallen, ABMC must recognize the changing demographics of our audiences. As we find ourselves further in time from the seminal events we commemorate, the Commission will pursue opportunities at our sites and through education programs and emerging technologies to educate and inform our audiences in a way that evokes a lasting, personal connection. It is critical to provide context for younger generations of Americans who have little understanding of why their fellow Americans rest in the soil of England, France, Belgium, Luxembourg, Italy, or the Philippines.

As such, the Commission is re-invigorating the strategic plan to set forth a path focused on better supporting this essential mission.

The Commission has codified a new set of guiding principles. In addition to the "Telling the Story" facet, these principles are designed to help fill a void in ABMC's historical preservation activities:

- preserve heritage assets by both protecting and maintaining the commemorative sites to their original design intent and to exceptional standards. ABMC sites are completed works of civic art, reflecting the nation's perpetual commitment to the service and sacrifice honored within them, and
- develop ABMC cultural and historical resources by actively collecting and documenting archival, photographic, and dimensional materials that enhance scholarship in and interpretation of our mission and our heritage assets.

These new mission sets bring ABMC into compliance with several Public Laws, including the Antiquities Act of 1906 (Public Law 59–209). Additional staff members will oversee historical collection management, conservation/preservation of historical materials and additional manning requirements for the new visitor center facilities.

The FY 2016 request of \$7,006,000 will fund World War I Centennial commemoration activities, Interpretive Services, Collections Management Plan Services, Historic American Landscapes Surveys, and provide additional funds for a visitor center at the Manila American Cemetery.

Logistics Program

In FY 2015, the horticulture equipment budget line was transferred from the Logistics Program to the Horticulture Program. The purchase of vehicles and trucks will remain under the Logistics Program. The FY 2016 request is \$104,000.

Clark Veterans Cemetery

In January 2013, President Obama signed into law the *Dignified Burial and Other Veterans' Benefits Improvement Act* (Public Law 112-260) directing the Commission to restore, operate and maintain Clark Veterans Cemetery following negotiation of an agreement between the Republic of the Philippines and the United States. A memorandum of understanding was signed on December 16, 2013 providing the authority for Clark Veterans Cemetery to become ABMC's 25th overseas cemetery.

Since assuming authority for the cemetery, the Commission has begun maintaining the grounds and purchasing equipment and supplies. Two Local National hires have been employed by ABMC for Clark Veterans Cemetery and operational maintenance requirements are budgeted within the FY 2016 estimates. ABMC has contracted for a comprehensive condition assessment to determine individual grave condition, current and needed infrastructure, and proposals for future possible structural additions.

Preliminary results of the condition assessment are expected this Spring and will be vetted through the ABMC Board of Commissioners for final recommendations.

The *Dignified Burial and Other Veterans' Benefits Improvement Act* authorized \$5,000,000 for site preparation, design, planning, construction, and associated administrative costs for the restoration. The Commission is allocating \$1,000,000 in unobligated prior year funds plus \$2,000,000 in FY 2015 funds to this project, and is requesting \$2,000,000 in FY 2016 to meet the authorization and to address Engineering and Maintenance and Horticulture infrastructure projects as needed. Any additional restoration requirements based on the condition assessment will not be known until the FY 2017 budget formulation process in mid-2015.

Unobligated Balances

The Commission began FY 2015 with an unobligated balance of \$23,000,000. These funds were allocated for projects that were planned, but not executed, within the originally envisioned fiscal year. Typically, carryover for ABMC during the past three to four years has been \$12,000,000. The Commission has begun to aggressively execute these carryover balances. Currently \$13,300,000 is in

process or obligated. In addition, a number of projects are now estimated to be more costly than originally budgeted, leaving substantial unfinanced requirements. These projects include:

(\$ in thousands)

Project	Funding Year	Original Estimate	Revised Estimate	Status
Meuse-Argonne Visitor Center	2013	\$2,000	\$5,200	Construction/Fabrication to begin May 2015
Flanders Field Visitor Center	2013	\$2,000	\$5,000	Construction/Fabrication to begin July 2016
Honolulu Limestone Replacement	2014	\$1,800	\$15,000	On hold for phased approach
Honolulu Visitor Center	2014	\$3,300	\$15,000	In design, construction on hold
Manila Visitor Center	2015	\$2,000	\$6,000	Design to begin 2015, construction in 2017

The unfinanced requirements for Meuse-Argonne, Flanders Field, and Manila Visitor Centers will be mitigated by delaying construction of the Honolulu Visitor Center and by phasing the Honolulu limestone replacement project.

Foreign Currency Fluctuations Account

The Commission's FY 2016 budget request for the FCFA under "such sums as may be necessary" language is estimated to be \$2,000,000. This is the same level as requested for FY 2015. It reflects the estimate needed to retain the Commission's buying power due to exchange rate imbalances between the U.S. Dollar, the European Euro, and other foreign currencies.

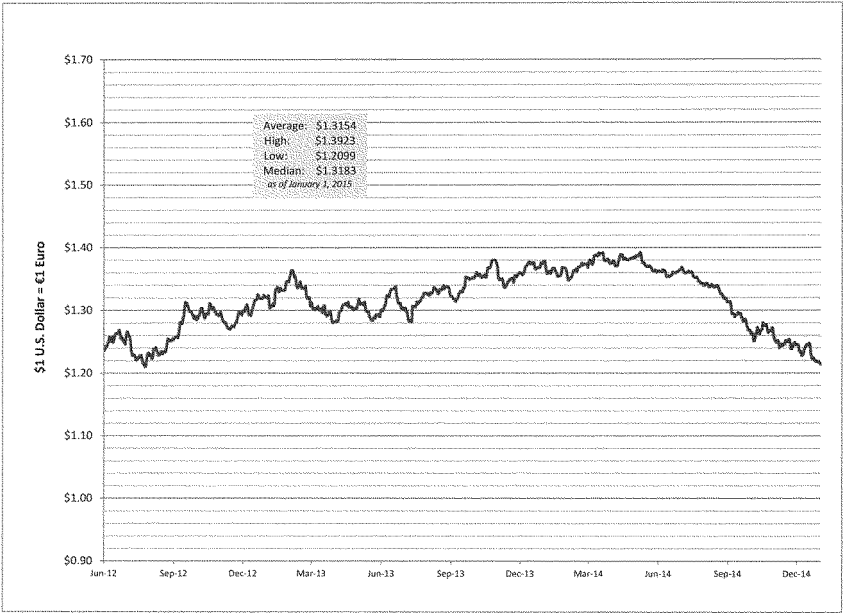
In FY 2015, the Commission addressed concerns expressed in the GAO audit report, GAO-13-641, dated July 19, 2013 regarding the use of the Foreign Currency account. ABMC is using a budget rate of €1 euro = \$1.30 dollar (the equivalent of \$1 dollar = €0.77 euro) in the Salaries and Expenses account. This change in the budget rate allows ABMC to value the exchange rate closer to actual exchange rates and value euro based transactions closer to historical Treasury exchange rates.

The FY 2016 FCFA request level reflects the amount necessary when, on the date of payment at an actual Treasury exchange rate, the Salaries and Expenses funds – using the €1 euro = \$1.30 dollar budget rate – are insufficient to make the payment. The FCFA estimate is based on an estimated actual Treasury exchange rate at the date of payment of €1 euro = \$1.35 (or \$1 dollar = €0.74 euro).

Per section 2109 of title 36, United States Code, which authorizes the use of FCFA funds due to fluctuations in currency exchange rates "after a budget request is submitted to Congress", ABMC is basing the FCFA estimate on the same budget rate (€1 euro = \$1.30 dollar) as the FY 2015 budget rate. The budget formulation process provided the Commission the occasion to revise the budget rate prior to submitting a budget to Congress. Although the recent strengthening of the dollar could indicate a lower FCFA estimate, these funds are used only when required at the date of payment. A date of payment could, for large contracts, be made in the out years when the exchange rate may be €1

euro = \$1.30 dollar or possibly when the dollar is weaker. In addition, unobligated balances may be returned to the FCFA. The Commission believes the FCFA estimate is reasonable at this time.

Foreign Currency Exchange Rate Trend



Statement of Increases and Decreases By Object Classification**FY 2016 Budget Request**

(\$ in thousands)

Object Class	FY 2014 Appropriation	FY 2015 Appropriation	FY 2016 Request
Personnel Compensation	18,575	22,313	22,777
Personnel Benefits	9,820	11,195	11,333
Benefits for Former Personnel	75	520	520
Travel & Transportation of Persons	1,302	1,317	1,317
Transportation of Things	609	579	526
Rent/Communications/Utilities	2,872	3,157	3,176
Printing	208	272	282
Other Services	17,276	16,882	20,763
Supplies & Materials	3,439	3,552	3,739
Equipment	1,696	1,548	1,518
Land & Structures	7,328	12,765	9,149
TOTAL	63,200	74,100	75,100

The following narrative describes the differences from the FY 2015 Appropriation and the FY 2016 Request. This budget request will allow the Commission to continue its commemorative mission and to achieve the Administration's government-wide management initiatives within agency operations.

Personnel Compensation - The Commission requests \$22,777,000. This funding will support a 409 FTE employment level, including allowances authorized for the Commission's U.S. employees and Foreign National workforce. An estimated 1.0 percent pay increase is included under the Administration's FY 2016 pay assumptions.

Personnel Benefits - This \$11,333,000 request includes funding benefits for employees worldwide such as health insurance, social security, and other allowances authorized for the Commission's U.S. employees and Foreign National workforce.

Benefits for Former Personnel - No increase is requested for unemployment compensation and severance pay.

Travel and Transportation of Persons - The Commission requests no increase for travel in FY 2016. This line item supports travel and transportation requirements for U.S. and Foreign National workers, U.S. employees and dependents traveling on permanent change of station, U.S. student dependents traveling to or from school, and travel by the Commissioners appointed by the President who are charged with oversight of Commission operations.

Transportation of Things - The Transportation of Things budget request is \$526,000 for the transportation of supplies, materials, spare parts, vehicles and equipment used in the operation, maintenance, and repair of ABMC facilities and for the transportation of household goods in connection with permanent change of station. This request is \$53,000 less than the FY 2015 funding level.

Rent, Communications, and Utilities - The Commission requests \$3,176,000 for rent; water, gas and electricity; horticulture equipment rental; and postal, telephone, and internet services. An increase of \$19,000 is requested.

Printing and Reproduction - The increase of \$10,000 in printing will fund the printing of cemetery booklets, visitor brochures, photographs, general information pamphlets, and reports.

Other Services - The Commission requests \$20,763,000 for other contractual services which consist of engineering and technical services; professional support services; horticulture contracts; operation, maintenance, and repair of equipment; information technology services; interagency service agreements (such as payments to the Department of State for International Cooperative Administrative Support Service and Capital Security Cost Share Program fees); maintenance and repairs of vehicles; and employee training. These funds also support the Commission's Maintenance and Infrastructure Program requirements. This request includes \$7,500 (not to exceed) for official reception and representation expenses.

This funding level will provide increases for payments to the Department of State, higher security efforts, Engineering and Maintenance projects, Interpretation Program projects, external audit services, annual accounting services with the Department of the Interior, horticulture maintenance requirements, and annual maintenance and repair efforts in the cemeteries. Offsetting decreases include nonrecurring line items such as information technology services, strategic planning, payroll servicing, and human resources.

Supplies and Materials - The increase of \$187,000 reflects higher spending on the horticulture parts and supplies, visitor center supplies, and day-to-day supplies for the cemeteries.

Equipment - The Commission requests \$1,518,000, a \$30,000 reduction, that will fund vehicles, office and information technology equipment. The decrease reflects fewer information technology and horticulture equipment purchases.

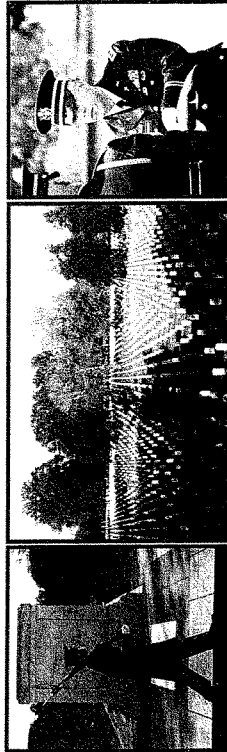
Land and Structures - The request of \$9,149,000 will fund the mix of Maintenance and Infrastructure program requirements in FY 2016. This decrease in Maintenance and Infrastructure program requirements is offset by increases for Maintenance and Infrastructure program projects under the Other Services budget object class.

Statement of Personnel

The table below presents a profile of ABMC personnel requirements:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Total Compensable Work Years (FTE) Authorized	400	409	409
Total Compensable Work Years (FTE) Actual/Estimated	400	409	409
Average GS Grade/Step (including Locality Pay)	12/7	12/7	12/7
Average Salary of GS Positions	\$86,657	\$91,247	\$92,342
Average Salary of FSN Positions	\$42,906	\$44,568	\$45,702

DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
CEMETERIAL EXPENSES, ARMY APPROPRIATION
FISCAL YEAR (FY) 2016 BUDGET ESTIMATES



FEBRUARY 2015

Military Construction, Veterans Affairs, and Related Agencies
JUSTIFICATION BOOK

DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
Military Construction, Veterans Affairs, And Related Agencies
Cemeterial Expenses, Army

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DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
FISCAL YEAR (FY) 2016 BUDGET
Military Construction, Veterans Affairs, and Related Agencies
Cemeterial Expenses, Army
Executive Summary
(\$ in Thousands)

Section I Executive Summary

Arlington National Cemetery, FY 2016 Funding Profile:

Army is increasing the resources in FY 2016 for Arlington National Cemetery operations and improvements to continue addressing the issues identified in the Army Gresite Accountability Report, Army Inspector General Reports, Government Accountability Office, Army Audit Agency and other reviews. This \$70.8 million Army commitment to ANC is within the Cemeterial Expenses. The work contemplated includes the maintenance and repair of the infrastructure at Arlington. The Army will begin addressing the Southern Expansion (Navy Annex) project and plans to request funds in a future budget submission. For FY 2016, ANC has no expansion project funding requirements.

DEPARTMENT OF THE ARMY
 ARLINGTON NATIONAL CEMETERY
 FISCAL YEAR (FY) 2016 BUDGET
 Military Construction, Veterans Affairs, and Related Agencies
 Cemetery Expenses, Army
 Executive Summary
 (\$ in Thousands)

Supporting Budget Line Item Detail:

Cemetery Expenses, Army (CEA)	
Operations:	\$ 42,800
Construction:	3,000
Infrastructure Modernization:	
General Building Repair	\$ 5,355
Cultural Assets management	\$ 1,875
Columbarium Preservation & Cleaning	\$ 1,250
Stonework / Masonry/Flagstone Repair	\$ 6,150
Road Rebuilding & Repair	\$ 3,650
Underground Utilities & Drainage	\$ 6,720
Infrastructure Modernization Sub-Total	\$ 25,000
Operations and Routine Maintenance	
Assessment & remediation work on facilities repair	
Assessment & remediation work on monuments & memorials	
Assessment & remediation work on Columbariums & Niche walls	
Assessment & remediation work Stonework / Flagstones	
Assessment & remediation work on road network rebuilding & repair	
Assessment & remediation work on underground utilities & drains	
Total Funding for ANC:	\$ 70,800

DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
FISCAL YEAR (FY) 2016 BUDGET
Military Construction, Veterans Affairs, and Related Agencies
Cemeterial Expenses, Army
Appropriation Highlights
(\$ in Thousands)

Section II **Appropriation Highlights**
MILCON/VARelated Agency Appropriation Summary:

	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
Cemeterial Expenses, Army			
Salaries and Expenses	65,800	65,800	70,800
Construction	0	0	0
Total	65,800	65,800	70,800

Introductory Statement:

Arlington National Cemetery (ANC) and the Soldiers' and Airmen's Home National Cemetery (SAHNC) are a living history of America. They are the final resting place for the heroes and patriots who built, preserved and protected our great Nation from its establishment during the Civil War to the most recent military activities in Afghanistan and Iraq. From the Soldiers of The Old Guard stepping in solemn vigilance before the Tomb of the Unknowns, to the gravesites of heroes and presidents, to the funerals for our veterans and families of ongoing conflicts and wars long over, the memorials and acres of neatly lined white markers serve as a vivid remembrance of the price so many have paid to keep our Nation safe and free.

Arlington National Cemetery consists of both Arlington National Cemetery in Arlington, Virginia, and the Soldiers' and Airmen's Home National Cemetery (SAHNC) in Washington, D.C. The SAHNC is one of the country's oldest national cemeteries, marking the final resting place for more than 14,000 veterans, including those who fought in the Civil War. The SAHNC continues to offer a final resting place for residents of the Armed Forces Retirement Home (AFRH).

Since 1864, the U.S. Army has been the steward of ANC—an active military shrine that continues to inter or inurn veterans, spouses and dependents with dignity and honor. ANC employees and ceremonial bands and units from the Army, Navy, Marine Corps, Air Force and Coast Guard honor through burial on average 27-30 veterans and family members each weekday and 5-7 burials on Saturday (over 7,000 annually). ANC has extended operations to include interment of cremated remains that do not require ceremonial support on Saturdays.

DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
FISCAL YEAR (FY) 2016 BUDGET
Military Construction, Veterans Affairs, and Related Agencies
Cemeterial Expenses, Army
Appropriation Highlights
(\$ in Thousands)

ANC also has a distinctive public outreach mission within the Department of Defense (DoD) serving as one of the most visited tourist sites in the Washington, D.C. area. ANC welcomes daily an estimated 11,000 visitors (4 million annually). ANC is evaluating the timing and demographics of ANC's visitors, including the estimate of four million visitors per year. Each day, ANC also hosts approximately seven public and official ceremonies, ranging from heads of state to scouting troops to veterans with the Honor Flights from across the United States and the world (3,000 annually). In addition, about 5,000 visitors attend each of the three major annual services in the Memorial Amphitheater on Easter, Memorial Day and Veterans' Day. Other ANC events draw even more visitors, with over 10,000 visitors participating annually in the Wreaths Across America placing more than 222,000 remembrance wreaths throughout the cemetery.

The ANC grounds also honor those who have served our Nation. Unique among our national cemeteries and landmarks, the impressive landscape of ANC serves as a tribute to the service and sacrifice of every individual laid to rest within the hallowed grounds over the past 150 years. The grounds provide a sense of beauty and peace—a solemn place for military families and our Nation to mourn—and for Americans and international guests to explore. The rolling green hills of ANC across the Potomac River from our Nation's capital are dotted with approximately 8,400 trees—many are hundreds of years in age—complementing the 624 acres of the cemetery.

[illegible]

ANC Administration and Operations:

The Secretary of the Army vested operational responsibility for these cemeteries with Army National Military Cemeteries' (ANMC) Executive Director. ANMC's Executive Director administers the total operational requirements for ANC. The Executive Director's authorities and responsibilities include:

- Exercising authority, direction, and control over all aspects of ANC's long-term development and day-to-day administration and operations;
- Formulating, administering, and overseeing plans, policies, and regulations pertaining to development, operation, and management of the Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery;
- Overseeing programming, planning, budgeting, and execution of the Cemeterial Expenses, Army Appropriation and other accounts pertaining to ANC's operations;
- Supervising and rating the performance of both the Superintendent and Deputy Superintendent; and
- Implementing an Army National Cemeteries Advisory Commission that visits the cemeteries at established intervals to inquire into the development, operations, management and administration of the Army National Cemeteries, including long-term strategic planning efforts, day-to-day functions, resource allocations, and other matters. Advisory Commission members report annually to the Secretary detailing the Commission's actions during the preceding year and providing their views and recommendations pertaining to the Arlington National Cemetery.

The Executive Director's staff maintains functional expertise in strategic management and communications, information management, resource management, law enforcement and emergency services, and engineering. The Executive Director is supported by ceremonial units from the Armed Services to provide memorial services, a detailed staff of chaplains, staff support from Headquarters Department of the Army, and the Arlington Ladies who represent the Chiefs and Commandants of each Armed Service at funerals. The Superintendent is responsible for the execution of daily operations. There are three functional divisions: Deputy Superintendent for Cemetery Administration, Deputy Superintendent for Cemetery Operations and Chief of Staff.

In exercising authority, direction, and control over all aspects of ANC's long-term development and day-to-day administration and operations, the Executive Director focuses on ANC's mission, vision, outcomes, and lines of effort.

- **Mission:** On behalf of the American people, lay to rest those who have served our Nation with dignity and honor, treating their families with respect and compassion, and connecting guests to the rich tapestry of the cemeteries' living history, while maintaining these hallowed grounds befitting the sacrifice of all those who rest here in quiet repose.

DEPARTMENT OF THE ARMY
ARLINGTON NATIONAL CEMETERY
FISCAL YEAR (FY) 2016 BUDGET
Military Construction, Veterans Affairs, and Related Agencies
Cemeterial Expenses, Army
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(\$ in Thousands)

- **Vision:** Our obligation to our military heroes, their families and the Nation is to remain America's premier military cemeteries—national shrines—living history of freedom—where dignity and honor rest in solemn repose.
- **Outcomes:** All of our efforts must help ensure that ANC remains a place for every generation to Honor, Remember and Explore the depths of the creation of this great Nation and the heroes that have made incredible sacrifices for freedom.
 - **Honor** – Those who have served our Nation with dignity and honor are laid to rest in solemn repose, treating their families with respect and compassion.
 - **Remember** – A national shrine befitting the sacrifice of all those who rest here in quiet repose.
 - **Explore** – U.S. and international guests better know America's Service Members and their experiences through ANC, whether in person or via technology.
- **Lines of Effort:** To achieve its intent, ANC uses five lines of effort ("operations") to depict and describe how its multiple tasks and missions relate to each other and to achieving the vision:
 - **Honor the Fallen.** ANC's decisive operation—its core mission—is to honor our Nation's fallen military heroes as they are laid to rest in solemn repose. At its endstate, "Honor the Fallen" ensures that each family feels that they were served in a timely manner by a professional and compassionate staff that scheduled and conducted the final tribute to their loved one flawlessly; the family leaves feeling their needs were met and entrusting their loved one to the care of ANC with full faith and confidence in ANC, and the permanent monumental is erected free of error in a timely manner.
 - **Maintain these Hallowed Grounds.** ANC's first shaping operation is to maintain these hallowed grounds. This line of effort ensures that ANC's grounds, memorials and facilities will continue to honor the veterans and their families who have served the Nation by providing a sense of beauty and peace. As an active cemetery, this line of effort most importantly focuses on conducting flawless interment operations and implementing the six-step chain of custody. As a national shrine, ANC's impressive 624 acre landscape also requires constant attention and improvements to enhance its natural beauty and native environment. Great care is taken by dedicated cemetery employees working tirelessly throughout the year to ensure the grounds are maintained to the highest standards. At its endstate, "Maintain these Hallowed Grounds" ensures that ANC's physical setting is kept at national shrine standards, which enhances the experience for all visitors and families coming to mourn for and honor our Nation's military heroes.
 - **Uphold Faith and Confidence of the American People.** ANC's second shaping operation is to uphold the faith and confidence of the American people. This line of effort establishes the framework for how ANC interacts with its many stakeholders, ranging from U.S. and foreign dignitaries to schools and scouting troops to veterans visiting with the Honor Flights to the media. At its core, ANC is for the living. Annually hosting millions of visitors and thousands of ceremonies at ANC allows these American and

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international guests to better know and honor our fallen Service Members. This line of effort spans the entire organization, as all ANC components and employees interact with external audiences in some shape, form or fashion. At its end state, "Uplift Faith and Confidence of the American People" will help ANC be recognized as the source for reliable ANC-specific communications, activities, information and education that is consistent with their respective definitions of "Explore", and stakeholders will also have various ways—both in person and remotely—to "Explore" ANC's rich cultural and historical significance.

- **Prepare for ANC beyond 2025.** ANC's third shaping operation is to prepare ANC for operations beyond 2025. This line of effort focuses on ANC's developing and beginning implementation of its long-range, strategic plans that will allow ANC to remain the Nation's premier, active military cemetery for future generations. As with all ANC efforts, this long-range Campaign Objective heavily leverages outside experts and organizations to professionally, effectively and efficiently complete its efforts. The most prominent partner with whom ANC works on this Campaign Objective is the Advisory Committee on Arlington National Cemetery. At its end state, "Prepare for ANC beyond 2025" will ensure ANC has detailed, synchronized and resourced plans that allow its leaders to communicate, lead and manage their priority efforts over the next two decades and beyond. ANC is revising our new Master Plan, which will include a Ten-Year Capitalization Plan, and will be provided upon its completion.
- **Synchronize ANC Activities.** ANC's sustaining operation is to synchronize ANC activities. This line of effort focuses on developing processes and procedures to synchronize operations, improve communication, and increase efficiency while maintaining accountability. It also intersects across and ensures the success of the four other lines of effort, making continuous communication and collaboration especially critical within and across this line of effort. At its endstate, "Synchronize ANC Activities" will enhance ANC's ability to provide world class support and execution of events/ceremonies, construction, outreach and emergency responses, while also prioritizing efforts on ANC's core mission: interment and inurnment operations and support for our military families in their time of mourning.

Description of Operations Financed:

The Military Construction, Veterans Affairs, and Related Agencies (MILCON/VA) appropriation under Title III – Related Agencies: Cemetery Expenses, Army, provides ANC with its funding. These are multi-year funds which cover salaries and expenses related to operation & maintenance and construction projects at both Arlington National Cemetery and the Soldiers and Sailors' Home National Cemetery.

Operation & maintenance funding allocations support and sustain daily operations for funerals, ceremonies, and memorializations, including the care and upkeep of gravesites and niches; grounds maintenance and repair of roadways; facilities and other infrastructure assets; and procurement of support equipment. Funding allocations additionally address long-standing and understated requirements for maintenance and repair of ANC facilities and infrastructure. Investments made in support equipment, such as gas tampers, additional backhoes, and other productivity enhancing equipment has enabled ANC to operate more efficiently and effectively in preparing for daily burial operations and increasing both the number of gravesites available and the amount of interments of inurnments conducted daily.

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Construction funding for capital improvement projects aids in preserving Arlington National Cemetery as a national asset while maintaining its quality, dignity, and central function as a military burial ground through the next millennium. Key capital improvement projects add considerable value to ANC's mission. Of specific concern to ANC, and to veterans and families who rely on Arlington National Cemetery to be their final resting place, is the potential to run out of burial space. Given the current amount of developed land area and policies on eligibility for initial interments, ANC expects to exhaust its in-ground burial space in 2035, while niche space will be exhausted in 2037. Key capital improvement projects enable ANC to make burial and inurnment space available before there is a gap in availability and extend the life span of Arlington National Cemetery and SAHNC as a viable resting place for our Nation's Veterans and their Families.

Appropriations Language:

MILITARY CONSTRUCTION, VETERANS AFFAIRS AND RELATED AGENCIES (TITLE III – RELATED AGENCIES)
CEMETERIAL EXPENSES, ARMY
SALARIES AND EXPENSES

For necessary expenses for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase or lease of passenger motor vehicles for replacement on a one-for-one basis only, and not to exceed \$1,000 for official reception and representation expenses; \$70,800,000, of which not to exceed \$5,000,000 shall remain available until September 30, 2017. In addition, such sums as may be necessary for parking maintenance, repairs and replacement, to be derived from the "Lease of Department of Defense Real Property for Defense Agencies" account.

Appropriations Language Narrative:

The \$70.8 million request in the Cemeterial Expenses, Army – Salaries and Expenses account, supports Arlington Cemetery by providing an additional \$25 million in its operation and maintenance accounts in FY 2016 for the purpose of addressing critical infrastructure, historical structure restoration, facilities restoration and modernization issues within the Cemetery's boundaries.

Fulfilling the President's Initiatives:

Within the context of its Mission, ANC places particular emphasis on programs and projects designed to contribute to or fulfill Presidential initiatives.

- **Improper Payment Reductions:** ANC uses the Wide Area Work Flow (WAWF) online solution allowing vendors to electronically submit invoices; allowing the Government to perform inspection and acceptance of goods and services; and enabling interfaces with payment systems to receive transactions electronically while reducing or eliminating improper payments.

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- **Acquisition Improvements:** Acquisition improvements include training and certification of Contracting Officer's Representatives utilizing Army and Defense Acquisition University courses and instituting contract review boards to ensure that high quality procurement packages are assembled, processed and awarded.
- **Acquisition Workforce:** Emphasis is being placed on identifying key people who must be integrated into the acquisition workforce. Having educated, trained, certified and experienced acquisition professionals on staff and engaged in the acquisition process greatly reduces procurement risks. ANC is hiring its contracting positions through the Mission & Installation Contracting Command (MICC) to ensure the individual remains linked to the larger acquisition community for continued education, staying abreast of best practices and for professional development.
- **Information Technology Infrastructure:** Since 2011, ANC receives a wide variety of Information Technology services from the U.S. Army Information Technology Agency (USAITA). USAITA provides ANC with a first class customer care call center, hosts the following applications: Internet Services System (ISS), ANC Mapper, ANC Explorer, and the ANC website; provides baseline desktop and telephonic support as well as on-site technical support. The cemetery complies with USAITA Information Assurance requirements as a tenet of their Installation Campus Area Network. ANC is moving towards a self-sufficient Information Assurance program for the cemetery's IT applications. In FY 2015, ANC completed certification of its own Designated Approval Authority and conducts the accreditation of the ANC ISS application. Arlington National Cemetery has completed work with the USAITA to add redundancy to the Arlington National Cemetery infrastructure to ensure continued survivability of information technology systems. In FY 2015, ANC began the phased deployment of Wi-Fi connectivity throughout the cemetery with the goal of extending ANC application to the visiting public as well as mobilize the ANC workforce and empower personnel to update data real-time in the field.
- **Information Technology Project Management:** Arlington National Cemetery continues to work with the Army to assure information technology aligns with the Agency's mission, capital investment and the acquisition of information technology through continued enhancement and alignment of technology and ANC business systems. ANC released ANC Explorer 2.0 providing the public access to a culmination of information regarding the cemetery, individual decedent records, precise geographic locations of gravesites, and photographs served from an integrated business system model. In FY 2014, the ANC Program Management Office established the Change Management Board as the governing body assuring standards and methods are compliant across all applications with judicious use of existing investments. The bi-annual update of the ANC Enterprise Architecture (EA) supports the ANC OCIO's responsibilities for development and maintenance of the EA in compliance with the Department of Defense's responsibilities under the Clinger-Cohen Act of 1996, Public Law 104-106. The EA provides a five-year technology roadmap and provides the guiding tool for aligning investments and programs with ANC strategic goals, objectives, and desired outcomes as identified in the ANC Campaign Plan.

Fulfilling Army and ANC Initiatives:

The establishment of the Army National Military Cemeteries as a Headquarters Department of the Army Principal Official codifies the policy management and oversight of Arlington National Cemetery. Highlights of this progress include:

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- Work Force and Training:** ANC increased its end strength by 50 percent, including filling key positions with experienced and knowledgeable personnel to help effectively and efficiently lead and manage its complex missions. ANC leadership has prioritized training and professionalizing the work force to industry best practices, standards and measures, and developed an internal organizational inspection program. ANC codified standard operating procedures and instituted an internal assessment program while also continuing to utilize and broaden agreements with Veteran's Affairs and American Battle Monuments Commission to enhance training and incorporate industry best practices.
- Accountability:** Restoring faith and confidence of the American people starts with demonstrating a greater sense of accountability in all aspects of ANC. ANC leveraged the outstanding work of the Gravesite Accountability Task Force to sustain accountability of all gravesites and inurnment niches. The initial baseline accountability took a process complicated by 14 decades of varying record standards and burial practices and made a tremendous leap via technology. ANC replaced its paper records with a digital system that uses industry best practices in database management. ANC has implemented the General Fund Enterprise Business System (GFEBS), which allows ANC to be fiscally fully transparent and provide fiscal stewardship of all funds. Validating ANC contract requirements and recompeting all service contracts has reduced the number of total service contracts from twenty-six to sixteen. ANC has also fielded a software program which facilitates oversight and direction to enhance its procurement operations.
- Customer Focus:** The care families deserve in their time of need requires a prompt, compassionate and professional engagement from ANC. As a result of family member inquiries, since 2010 ANC conducted seventeen physical gravesite verifications. Additionally, to streamline all customer interactions, ANC implemented the Consolidated Customer Service (call) Center and launched a new user friendly website to communicate in a more relevant way with its stakeholders. To help meet the increasing demand for burials, ANC has implemented Saturday burial for services which do not require military honors. ANC has begun testing a new headstone application to enable the family to design and validate the information prior to the funeral service day and prior to ordering the marker.
- Advisory Committee:** As directed by the Secretary of the Army, the Advisory Committee on Arlington National Cemetery was instantiated as a non-discretionary advisory committee in the 2012 National Defense Authorization Act. This Federal Advisory Committee provides an independent and holistic look at the future of ANC, helping the Army and DoD address challenges and determine the best means to maintain the heritage and active use of these sacred burial grounds for generations to come.
- Sustaining ANC:** Based on current demand, approved Cemeteryal land use plans, and existing eligibility standards ANC will exhaust its above ground burial space by 2037 and in ground burial space by 2035. In 2011 ANC accelerated the construction of Columbarium 9, which added 20,000 niches for inurnment services. ANC expansion plans also include thirty-one acres of undeveloped land, known as the Millennium Project (currently underway), and forty-two acres from the Southern Expansion (Navy Annex) property that was transferred to the Department of the Army on 1 January 2012.
- Going "Green":** ANC's internal study team continues to research and solicit ideas from its workforce in order to create opportunities for the agency to be more knowledgeable and responsible about protecting the environment. The expected outcome for this effort is to

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implement sustainability plans whereby going "Green" becomes a quality business practice for the agency. Annually, ANC makes a significant investment in sustaining and maintaining its horticulture features.

- o Not only are these investments designed to be aesthetically pleasing to our visitors, but they support environmental initiatives, as well. Going "Green" has taken on a new meaning at ANC with the use of native plants and perennials to sustain the long-term beauty of our Cemeteries and to stretch our budget to enable funds to be reallocated to more areas of concern. Arlington National Cemetery's rich, diverse, and abundant source of native trees, plants, and shrubs also supports interagency research and horticultural sustainment outside the Cemetery's boundaries.
- o Each year, organizations such as the Potomac Conservancy, American Forests, and Virginia Native Plant Society visit ANC to gather seeds from our diverse population of horticulture features to use in local stream restoration projects and sustainment of native plant species. This act of goodwill on ANC's part ensures that ANC maintains a healthy population of trees, plants, and shrubs within our landscape, but it also makes us a good neighbor within the greater horticultural community and an environmental friend. Our past reliance on pesticides, ground covers, and water has also been examined.
- o We look now to planting resistant cultivars and varieties that lead to a decrease in pesticide use and overall pest problems. This decrease lessens the amount of contaminants we place in the groundwater system. ANC has some invasive plants on our grounds. We have adopted the practice of not using plants that are invasive which can overrun natural plant habitats. We have also adopted a water-wise or Xeriscaping approach using ornamental grasses and other native plants that don't require as much water, after the initial one year establishment period.
- o ANC also initiated a program to lease fuel efficient vehicles through the General Services Administration. Not only does this program support environmental initiatives, but achieves cost savings to enable ANC to invest more of its appropriation to resolve long-standing environmental deficiencies.

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Section III Budget Detail

Appropriation Summary of Price/Program Growth:

Description	FY 2014 Actual	FY 2015 Enacted	FY 2016 Request
SALARIES AND EXPENSES			
Operation & Maintenance	42,800	42,800	42,800
Minor Construction	3,000	3,000	3,000
Infrastructure Restoration	20,000	20,000	25,000
Total	65,800	65,800	70,800

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Cemeterial Expenses, Army		FY 2014		FY 2015		FY 2016	
AMSCO	Description	Program		Program		Program	
085100	OPERATION & MAINTENANCE	51,199		42,800		42,300	
086400	ADMINISTRATION						
086500	CONSTRUCTION	3,000		3,000		3,000	
086600	INFRASTRUCTURE MODERNIZATION	20,081		20,000		25,000	
	Total	74,280		65,800		70,300	

Appropriation Summary- By Object Class:

Cemeterial Expenses, Army		FY 2014		FY 2015		FY 2016	
OC	Description	Actual		Estimate		Estimate	
11110	FULL-TIME EQUIVALENTS	9,933		11,187		13,703	
11310	OTHER THAN FULL-TIME EQUIVALENTS	0		564		564	
11510	OTHER PERSONNEL COMPENSATION	477		165		165	
12110	CIVILIAN PERSONNEL BENEFITS	3,094		4,092		4,092	
21010	TRAVEL	77		0		301	
22010	TRANSPORTATION OF THINGS	0		0		0	
23310	COMMUNICATIONS, UTILITIES, AND MISC.	806		1,000		1,330	
24010	PRINTING AND REPRODUCTION	43		20		20	
25110	PROFESSIONAL SPT SVC	0		0		0	
25210	CONTRACTING	27,458		22,792		20,734	
25310	INTRAGOV PURCH	0		0		0	
25410	FACILITY O&M	798		3,562		0	
25710	EQUIP MAINT BY CONTRACT	24		0		0	
26010	SUPPLIES & MATERIALS	1,753		1,471		1,471	
31010	EQUIPMENT	3,249		459		420	
32010	LAND AND STRUCTURES	29,073		28,000		28,000	
	TOTAL	76,685		73,311		70,800	

No funding is being requested in FY 2016 for the Cemeterial Expenses, Construction account as such no summary or object class tables are included.

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Reconciliation of Appropriations and Obligations – Including Carry-Over & Recoveries:

Cemeterial Expenses, Army 21-1865-0-1-70521-1809-0-1-705 (\$ in Thousands)	Operation & Maintenance (086500)	Administration (086400)	Construction (086500)	ANC Major Construction (1809)	Totals
A. FY 2014 Appropriation Enacted (Allocations)	42,800	-	20,000	-	62,800
B. Rescission of FY 2013 Authority	-	-	-	-	-
C. Allocation of Carry-Over & Recoveries from PY	2,923	488	5,994	18,292	27,696
D. FY 2014 Total Budgetary Resources Available	45,723	488	25,994	18,292	90,496
E. FY 2014 Obligations (a/o 30Sep2014)	42,800	-	20,000	11,480	74,280
F. FY 2015 Appropriation Enacted (Allocations)	42,800	-	23,000	-	65,800
G. Rescission of FY 2015 Authority	-	-	-	-	-
H. Allocation of Carry-Over & Recoveries from PY	2,923	488	5,994	18,292	27,696
I. FY 2015 Total Budgetary Resources Available	45,723	488	28,994	75,195	150,300
J. FY 2015 Planned Obligations	42,800	-	20,000	11,480	74,280
K. FY 2015 Appropriation Enacted (Allocations)	42,800	-	23,000	-	65,800
L. FY 2015 Planned Obligations	42,800	-	23,000	-	65,800
M. Change (FY 2015 vs. FY 2014)	-	-	-	-	-
1. Appropriation (Line K minus Line F)	-	-	-	-	-
2. Obligations (Line L minus Line J)	-	-	3,000	(11,480)	(8,480)

- **Operation & Maintenance (086100)** – Funding supports day-to-day operations of the Arlington National Cemetery, including planning and execution for more than 7,000 internments and inurnments annually, as well as routine repairs made to facilities, contracted services, and horticultural work at Arlington National Cemetery and the Soldiers' and Airmen's Home National Cemetery. Funding shown in Object Class 31 is included in these estimates. Funding for Object Class 32 is discussed in the Construction (086500) paragraph, below.
- **Administration (086400)** – Beginning in FY 2012 and for future years, funding for Administration (086400) has been consolidated under Operation & Maintenance (086100) in order to simplify and streamline funds management for the organization.
- **Construction (086500)** – Funding supports ANC's capital investments Object Class 32 – Land and Structures) in construction of facilities and land improvements. Capital investments in FY 2015 reflect ANC's continued commitment toward completing the backlog of infrastructure repair and maintenance.

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- **Sustainment, Restoration and Modernization** – Funding supports ANC's infrastructure (086600) - Funding supports the renovation, sustainment and maintenance of ANC facilities, infrastructure and roadways. Created in FY 2013 to account for SRM backlog.
- **ANC Major Construction (1809)** – Funding supports ANC's expansion efforts in construction of facilities and land improvements for expanded burial capacity. Specifically, funding supports the current efforts of Millennium and the Southern expansion project. No funds are requested in this account for FY 2016.

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Section IV Financial Summary

Financial Summary (Appropriations): Increases and Decreases:

FY 2015 Enacted (Cemetery Expenses, Army: 21-1805-0-1-705)	\$ 65,800
Congressional Adjustments	\$ 20,000
Appropriated Amount ()	\$ 65,800
Anticipated Program Increases	+297
Annualization of FY 2015 New Programs	0
One-Time Cost Increases	0
Civilian Staffing (Compensation & Benefit Costs Only)	+ 297
Land & Structures (Infrastructure Modernization)	+ 25,000
Anticipated Program Decreases	- 197
Annualization of FY 2015 Program Decreases	0
One-Time Cost Decreases	0
Travel and Transportation of Persons Cost Decreases	0
Utilities, Rents, and Communication Cost Decreases	0
Contracts	-197
Reproduction Cost Decreases	0
Land & Structures (Construction) Decreases	0
FY 2016 Budget	\$ 70,800

Anticipated Program Increases reflect civilian pay rate adjustments and request for infrastructure modernization within the CEA account.

Anticipated Program Decreases reflect decreases to match FY 2016 Budget Request.

Supporting Budget Priorities

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Section V Personnel Summary
ANC Personnel Requirements:

ANC is expecting an HQDA manpower review during calendar year 2015, which will validate the organizational structure and total full-time and part-time manning levels to reflect necessary changes in Arlington National Cemetery's mission, functions, authorities, and command and staff relationships within the Army. In FY 2013 Army implemented a hiring freeze due to Sequestration. ANC received an exemption later in the fiscal year however, all the hiring actions needed to go through a lengthy approval process causing significant delays in filling positions. Also 32 positions for Security and Law Enforcement were held up pending Secretary of the Army review. The review was completed in FY 2014 and the hiring actions against these positions are in progress. ANC is actively hiring all vacant positions and working with Civilian Personnel Advisory Center (CPAC) to streamline the hiring process where possible. FY 2014 actual salaries include overtime, awards, permanent change of station costs while planned only includes salaries and benefits. Average Salary increases from FY 2015 to FY 2016 reflect allowable increases per OMB budget guidance.

	FY 2014 Actual	FY 2015 Planned	FY 2016 Budget	Change FY 2015/FY 2016
Active Military End Strength Total	12	6	6	0
Officer	9	6	6	0
Enlisted	3	0	0	0
Civilian Full-Time Equivalents (FTE) Total	140	201	201	0
Average Annual Civilian Salary Cost				
General Schedule (GS) Graded Positions	\$ 108.4	\$ 102.1	\$103.4	\$ 1.3
Federal Wage Grade (WG) System Positions	\$77.5	\$ 73.0	\$73.8	\$0.8

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Civilian Full-Time Equivalents (FTE) Total	140	201	201
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Section VI Supporting Budget Priorities

Background:

Arlington National Cemetery is a national treasure. Preserving this asset, and maintaining its quality, dignity, and central function as a military burial ground through the next millennium is the goal of the Army's leadership. ANC's budget identifies key capital improvement projects which add considerable value to its mission and infrastructure modernization projects which must be remediated to resolve safety, security, and environmental deficiencies.

Supporting DoD and Army Priorities:

- Department of Defense Priority – Preserve and Enhance the Force:** This proposal is critical to addressing Arlington National Cemetery's deteriorating infrastructure. The cemetery's systems have not been well maintained for 20 years and are beginning to present life, health, and safety concerns. Additionally, Arlington National Cemetery is faced with longer term burial space capacity limitations in its current footprint as such expansions are being considered. Without this proposal, the honor and dignity of our nation's most hallowed ground is at risk of further degradation.
- Army Priority:** This legislative (appropriations) effort is a "must-have" for the Army. ANC has addressed approximately 74.8% of the infrastructure backlog identified in the FY 2013 submission. ANC continues to address remaining infrastructure systems to have a safe environment for both conducting daily burials and hosting visitors is an Army priority.
- Infrastructure Modernization Projects:** In its past, ANC operated on a marginally funded maintenance and repair program where work was done near the point of catastrophic failure rather than being able to institute a preventive maintenance program to ensure ANC presented a safe environment for families to visit their loved ones, for employees to work, and for our Nation to pay tribute to veterans who lay in rest here – this is an area of growing risk.

During FY 2011, the Army Corps of Engineers evaluated Arlington National Cemetery's aging infrastructure, facilities, roadways, and other systems. Findings show instances where systems have either been neglected or have not been maintained for over 20 years. In the worst cases, structures which had not been built within code are beginning to present life, health, and safety concerns. The April 2014 listing of ANC on the National Register of Historic Places added over 69 heritage structures, objects, and landscapes for which we are obligated to a higher quality of stewardship than in the past. ANC has consolidated its infrastructure modernization funding requirements to address these long-standing deficiencies.

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Key infrastructure modernization projects include:

- **Underground Utilities & Drainage** – Over the years, ANC was not funded to follow up on assessments it conducted on its network of underground utilities and storm water drainage systems. Evaluations conducted in 2009 showed that ANC's existing storm drainage system is 50+ years old and many of the pipes and manhole structures are cracked, damaged, broken or roof/silt-filled. Damage or deterioration is estimated at 60% to 75% across the Cemetery system. Also, we need to correct the size of pipe providing water to the Visitor Center so ensure water pressure at water fountains stays constant even during high usage periods in summer months.
- ANC is continuing a project to map all underground utilities structures. One of the challenges with mapping what we have is that previous administrations allowed utility companies to abandon lines in place in the cemetery rather than requiring them to excavate the old lines out. Thus, part of our challenge is to identify what can be removed and what needs to be replaced. Current engineering estimates show a need for considerable funding to address these deficiencies. The \$20M increase to CEA funding received last year allowed ANC to begin to replace and repair our crumbling infrastructure, and also remove some of those abandoned utilities to free up the encumbered land for burial space. We are utilizing modern technology to accurately locate, assess condition (if applicable), and build a geographic information system database that is uploaded into ARMY Mapper program for all utilities in the cemetery. This program includes maintenance, repair, and replacement of underground utilities to include Water, Sewer, Storm Drains, Electrical, Communication, Fiber Optics and Natural gas lines.
- **General Building Repair** – This project category addresses remediation for the building maintenance backlog and keeps facilities in good repair into the future. This work focuses on moving ANC from a strategy whereby it repairs at the point of critical failure to one of preventative maintenance and repairs. Work includes all interior & exterior maintenance and repair type work that is beyond the capability or availability of our small in house maintenance staff to perform. ANC's net parking receipts are being used to pay for repairing ANC's garages and parking areas from the DOD account, and the President's FY 2015 Budget reflects these repairs. The additional funding provided in FY 13, 14, 15 and with this request allowed us to begin to address these issues.
- **Road Rebuilding & Repair** – This project category addresses renovation of the 20+ miles of crumbling road structure/network system at Arlington National Cemetery. Engineering evaluations show that approximately 60% of the road network has poor sub-base, cracked surfaces, or improper curbing to contain road surfaces and support light- medium- or heavy-vehicle traffic along funeral routes. The roads are being reconstructed from the base to the surface and not just mill and pave over unstable sub base as has been. Construction work will be phased to allow funerals to continue with minimal disruption. The \$25M Infrastructure Modernization funding will continue to address these issues.
- **Stonework/Masonry Repairs** – This project category addresses rebuilding the crumbling flagstone sidewalks, paved plazas and stone boundary walls throughout ANC. Sections of the ANC boundary wall in sections 50 and 27 are in effect serving as retaining walls for the Fort Myer land on the back side. The walls were not designed for this function and as a result are leaning, cracking and in danger of totally collapsing. Similarly the entire west boundary wall adjacent to JBM-HH is in poor condition and (similarly

Supporting Budget Priorities

DEPARTMENT OF THE ARMY
 ARLINGTON NATIONAL CEMETERY
 FISCAL YEAR (FY) 2015 BUDGET ESTIMATE
 Military Construction, Veterans Affairs, and Related Agencies
 Cemetery Expenses, Army
 Supporting Budget Priorities
 (\$ in Thousands)

to section 27), needs to be reconstructed to accommodate the difference in elevation on the JBM-HH side of the wall. The \$25M Infrastructure Modernization funding will continue to address these issues.

- Sustainment of Infrastructure** – As the projects described above address upgrading, repairing and replacing the existing infrastructure, we also are developing models and standards addressing the preventative maintenance that is needed to assure the buildings, roads, utilities and stonework do not again deteriorate to the point of failure. This preventative maintenance extends beyond the infrastructure to include restoring and maintaining the numerous monuments and memorials throughout the Cemetery. It includes increasing our environmental stewardship to not only meeting current requirements, but improving out operations to meet new and future environmental regulation being instituted for the protection of the Chesapeake Bay.

**UNITED STATES COURT OF APPEALS
FOR VETERANS CLAIMS**



**FISCAL YEAR 2016 BUDGET ESTIMATE
FEBRUARY 2, 2015**

FISCAL YEAR 2016 BUDGET ESTIMATE

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UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

INTRODUCTION

The United States Court of Appeals for Veterans Claims (Court) is a national court of record established by the Veterans Judicial Review Act, Pub. L. No. 100-687, Division A (1988) (Act). The Act, as amended, is codified in part at 38 U.S.C. §§ 7251-7299. The Court is part of the federal judicial system and has a permanent authorization for seven judges, one of whom serves as chief judge. The judges are appointed by the President, by and with the advice and consent of the Senate, for 15-year terms, except that two have been appointed for 13-year terms pursuant to Pub. L. No. 106-117, Nov. 30, 1999. Two additional, temporary judgeships were authorized pursuant to 38 U.S.C. § 7253(i) and all positions are now filled, resulting in nine active judges currently serving. The temporary authorization for nine judges directs that no additional judges may be appointed until there are fewer than seven judges serving. With the announced retirement of one judge in August 2015, and with the next projected retirement in December 2016, the Court will revert to its permanently authorized seven judges at that time. Because our case load is projected to increase significantly, however, we anticipate nine judicial positions will again be authorized and our budget submission reflects this anticipation. Our five senior judges may also be recalled to provide service throughout the year, as needed. Two other judges are retired due to permanent disability. For management, administration, and expenditure of funds in areas beyond the bounds of Chapter 72 of Title 38, the Court may exercise the authorities provided for such purposes applicable to other courts as defined in Title 28, U.S. Code.

The Court has exclusive jurisdiction to review decisions made by the Department of Veterans Affairs (VA) Board of Veterans' Appeals (Board) that adversely affect a person's entitlement to VA benefits. This judicial review, although specialized in scope, is the same as that performed by all other United States Courts of Appeal. In cases before it, the Court has the authority to decide all relevant questions of law; to interpret constitutional, statutory, and regulatory provisions; and to determine the meaning or applicability of actions and decisions by the Secretary of Veterans Affairs. The Court may affirm, set aside, reverse, or remand those decisions as appropriate. Additionally, the Court has authority under 28 U.S.C. § 1651 to issue all writs necessary or appropriate in aid of its jurisdiction and to act on applications under 28 U.S.C. § 2412(d), the Equal Access to Justice Act (EAJA). Certain decisions by the Court are reviewable by the United States Court of Appeals for the Federal Circuit and, if *certiorari* is granted, by the United States Supreme Court.

The Court is located in Washington, D.C., *see* 38 U.S.C. § 7255 (requiring the principal office of the Court and duty station of each active service judge to be located in the D.C. metropolitan area), but as a national court, the Court may sit anywhere in the United States.

In fiscal year (FY) 1992, Congress authorized the Court to transfer up to \$950,000 from its appropriation that year to the Legal Services Corporation (LSC), for the purpose of providing, facilitating, and furnishing legal and other assistance, through grant or contract, to veterans and others seeking recourse in the Court. That program, often referred to as the *pro bono* representation program, has been ongoing since that time, with LSC responsible for oversight and grant distribution responsibilities. The Appropriations Subcommittees consider that budget request separately from the Court's budget request, although both are submitted together. The FY 2016 LSC request in the amount of \$2,500,000, unchanged from the FY 2014 request, is attached at Appendix A.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

**APPROPRIATION LANGUAGE
GENERAL AND SPECIAL FUND****SALARIES AND EXPENSES**

A total of [\$31,386,000] **\$32,141,000**, of which \$29,641,000 will be used by the United States Court of Appeals for Veterans Claims for operations as authorized by 38 U.S.C. §§ 7251-7299; and [\$2,500,000] \$2,500,000, which shall be transferred to the Legal Services Corporation to facilitate the furnishing of legal and other assistance in accordance with the process and reporting procedures set forth under this heading in Public Law No. 102-229.

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

PROGRAM JUSTIFICATION

Court Caseload Trends and Variations

The United States Court of Appeals for Veterans Claims (Court) remains one of the busiest federal appellate courts based upon the number of appeals and petitions filed per active judge. Each active judge on the Court carries a substantial workload that includes rendering decisions on appeals, petitions and related motions, and applications filed pursuant to 28 U.S.C. § 2412, the Equal Access to Justice Act (EAJA). In FY 2014, the Court averaged 175 appeals decided on the merits per active judge. (The average number of merits decisions decided per active judge in the 13 Circuit Courts of Appeals ranged from 42 to 320).

Appeals to the Court come from the pool of cases in which the Board of Veterans' Appeals (Board) has denied some or all benefits sought by claimants. Approximately 200 appeals to the Court were filed monthly from FY 1999 through FY 2004. Since FY 2005 the Court has averaged 339 cases filed per month, with the number peaking in FY 2009 at 393 per month. Historically, when the number of claims processed by the Board increases or decreases, the number of appeals filed with the Court subsequently also increases or decreases, with a time lag of about one year. This past year the Board again received authority to hire additional attorneys, with a goal of further increasing the number of claims it decides. As a result, the Court anticipates a further increase in the number of appeals it will receive. The chart below illustrates the number of cases filed at the Court as a percentage of the number of claims denied by the Board by fiscal year since FY 2004:

	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
BOARD TOTAL DENIALS	9299	13033	18107	16531	17005	17601	13788	11758	9957	10142	11934
CASE FILINGS TO COURT	2234	3466	3729	4644	4128	4725	4341	4085	3803	3734	4057
CASE FILINGS AS % OF DENIALS	24.0%	26.6%	20.6%	28.1%	24.3%	26.8%	31.5%	34.7%	38.2%	36.8%	34.0%

Staffing Requirements

The Court requests funding for 126 full-time equivalent (FTE) positions in FY 2016, unchanged from the FY 2015 FTE level. This request anticipates renewed authorization for judicial appointments to maintain nine active judges on the Court, with sufficient FTEs to staff nine chambers.

FISCAL YEAR 2014 PROGRAM

The Court's FY 2014 program accomplished the following:

Opened 4,057 new cases, including appeals from decisions of the Board of Veterans' Appeals and petitions for extraordinary relief directed to the Court. During the same period, the Court disposed of 3,998 cases through a combination of court orders, single judge decisions, and panel opinions. In addition, the Court ruled on thousands of motions and took action on approximately 2,375 applications for attorney fees filed under the Equal Access to Justice Act.

Expended funds as necessary to staff and support the operations of the Court and ensured its continued, proper function throughout the fiscal year.

Disbursed interest on back-due salary and retired pay to all active and retired judges in partial satisfaction of underpayment recognized pursuant to *Beer v. United States*, 696 F.3d 1174 (Fed. Cir. 2012).

Received a clean audit with no exceptions for FY 2014.

Continued agreements with the United States Marshals Service and the Federal Protective Service for Court security; the Department of Agriculture's National Finance Center for payroll/personnel services; the Bureau of the Public Debt for administrative payments, credit card, travel, and financial accounting and reporting services; and with the Administrative Office of the U.S. Courts for Case Management/Electronic Case Filing (e-filing) system support.

Paid benefits from the Court of Appeals for Veterans Claims Retirement Fund (Judges' Retirement Fund) to seven retired judges and one survivor annuitant. Pursuant to 38 U.S.C. § 7298, also added funds to the Judges' Retirement Fund to reduce any unfunded liability.

Transferred appropriations to Legal Services Corporation for pro bono representation services.

FISCAL YEAR 2015 PROGRAM

The Court's FY 2015 budget includes the following:

Funding to staff and support the operations of the Court and to ensure its continued, proper functioning throughout the fiscal year, as well as scheduled step increases, time-in-grade promotions for eligible employees, and a 3% cost of living allowance.

Funding to audit the Court's financial statements.

Funding to continue the agreements with the United States Marshals Service and the Federal Protective Service for Court security; the Department of Agriculture's National Finance Center for payroll/personnel services; the Bureau of the Public Debt for administrative payments, credit-card, travel, and financial accounting and reporting services; and with the Administrative Office of the United States Courts for e-filing system support.

Funding for the ongoing enhancement of the Court's Continuity of Operation Program plan.

Funding to reduce any unfunded liability in the Judges' Retirement Fund.

Funding to transfer to Legal Services Corporation for pro bono representation services in accordance with Public Law No. 102-229.

FISCAL YEAR 2016 PROGRAM

To maintain and enhance the FY 2015 initiatives, the Court's FY 2016 budget request reflects the following:

Funding to staff and support the operations of the Court to ensure its continued, proper functioning throughout the fiscal year, to include funding for the anticipated renewed authorization to maintain nine active judges on the Court, as well as scheduled step increases, time-in-grade promotions for eligible employees, and a 3% cost of living allowance.

Funding to audit the Court's financial statements.

Funding to continue the agreements with the United States Marshals Service and the Federal Protective Service for Court security; the Department of Agriculture's National Finance Center for payroll/personnel services; the Bureau of the Public Debt for administrative payments, credit-card, travel, and financial accounting and reporting services; and with the Administrative Office of the United States Courts for e-filing system support.

Funding for the ongoing enhancement of the Court's Continuity of Operation Program plan.

Funding to reduce any unfunded liability in the Judges' Retirement Fund.

Funding to transfer to Legal Services Corporation for pro bono representation services in accordance with Public Law No. 102-229.

SUMMARY OF FISCAL YEAR 2016 BUDGET REQUEST
(in thousands of dollars – \$000)

The FY 2016 budget request of \$32,141,000 reflects an increase of \$755,000 from the Court's FY 2015 budget request. A summary of the FY 2016 funding request compared with the FY 2015 request follows:

	FY 2015 Appropriation	FY 2016 Budget Estimate	Change
FTE Positions	126	126	+0
Personnel Compensation and Benefits	\$17,981	\$18,306	+\$325
Other Objects (Operating Expenses)	\$7,405	\$7,734	+\$330
Judges' Retirement Fund	\$3,500	\$3,600	+\$100
Pro Bono Representation Services (Grant)	\$2,500	\$2,500	+\$0
Budget Authority/Appropriation	\$31,386	\$32,141	+\$755

SUMMARY OF FISCAL YEAR 2016 PROGRAM FUNDING CHANGES
(in thousands of dollars – \$000)

Personnel Compensation and Benefits:..... + \$325

This category reflects the funding necessary to meet salary and benefits expenses for the Court's 126 positions (including the anticipated authorization to maintain nine active judges on the Court, with sufficient FTEs to staff nine chambers), as well as scheduled step increases, time-in-grade promotions for eligible employees, and a 3% cost of living allowance. A portion of this increase also results from reclassifying three docket clerk positions to judicial law clerk positions, intended to support the Court's retired-recalled senior judges. This strategic move is necessitated by anticipation of a surge in the Court's caseload and a resulting need for increased assistance from retired judges.

All Other Objects (Operating Expenses):..... + \$330

The increase in operating expenses is largely due to the cost of enhancing the Court's COOP project, as well as expenses necessary to meet the Court's Information Technology (IT) needs to include a technology lab testing environment, and upgrades to the Court's technology infrastructure and software to maintain and improve stability in the Court's overall IT systems.

Contribution to Judges' Retirement Fund:..... + \$100

This increase reflects the actuarial projection of the deposit necessary to fully fund the Judges' Retirement Fund pursuant to 38 U.S.C. § 7298.

Pro Bono Representation Services (Grant):..... + 0

See Appendix A.

TOTAL CHANGES:..... + \$755

DETAILS OF FISCAL YEAR 2016 PROGRAM FUNDING CHANGES
(in dollars – \$0)

The following information provides details for the funding changes from the FY 2015 request:

PERSONNEL COMPENSATION & BENEFITS **+ \$325,000**

This increase reflects the funding necessary to meet salary and benefits expenses for the Court's 126 positions (including the anticipated authorization to maintain nine active judges on the Court, with sufficient FTEs to staff nine chambers), as well as scheduled step increases, time-in-grade promotions for eligible employees, and a 3% cost of living allowance. A portion of this increase also results from reclassifying three docket clerk positions to judicial law clerk positions intended to support the Court's retired-recalled senior judges. This strategic move is necessitated by anticipation of a surge in the Court's caseload and a resulting need for increased assistance from retired judges.

OTHER OBJECTS (OPERATING EXPENSES) **+ \$330,000**

Travel **+ \$0**

This category remains static as a result of a reduction in the anticipated actual costs of general Court travel, offset by necessary travel expenses associated with the Court's Judicial Conference, scheduled for April 2016, pursuant to 38 U.S.C. § 7286.

Transportation of things **+ \$0**

This category remains static as a result of a reduction in the anticipated actual costs of general Court transportation expenses, offset by necessary expenses associated with the Court's Judicial Conference, scheduled for April 2016, pursuant to 38 U.S.C. § 7286.

Rental payment to GSA **+ \$0**

This category remains static as the Court has acquired all physical space necessary for operations and the United States General Services Administration's rent projection is in line with the budget request.

Rental payment to others **+ \$20,000**

This increase is attributed to an increase in the cost of the Court's secure parking.

Communications, utilities, and miscellaneous charges **+ \$0**

This category remains static.

Printing & reproduction**+ \$5,000**

This increase is attributed to printing costs expenses associated with the Court's Judicial Conference, scheduled for April 2016, pursuant to 38 U.S.C. § 7286.

All other services**+ \$0**

This category remains static and covers maintaining services agreements with the United States Marshals Service and the Federal Protective Service for Court and judicial security; the Department of Agriculture's National Finance Center for payroll/personnel services; the Bureau of the Public Debt for administrative payments, credit-card, travel, and financial accounting and reporting services; and with the Administrative Office of the United States Courts for e-filing system support. The category also includes services associated with physical security access controls, employee training, information technology initiatives, and other general operational services.

Supplies & Materials**+ \$5,000**

This increase is attributed to a slight rise in costs of digital legal and reference materials.

Equipment**+ \$300,000**

This increase reflects funding to accomplish necessary technical enhancements to the Court's ongoing COOP project, to include creating a lab testing environment to ensure seamless implementation of changing Court technology. Expenses also include upgrading the Court's technology infrastructure necessary to support courtroom and conference room video-conferencing, and software necessary to analyze server and network logs for the purpose of maintaining and improving stability in the Court's overall Information Technology systems.

CONTRIBUTION TO JUDGES' RETIREMENT FUND)**+ \$100,000**

This increase reflects the actuarial projection of the deposit necessary to fully fund the Judges' Retirement Fund pursuant to 38 U.S.C. § 7298.

PRO BONO REPRESENTATION SERVICES (GRANT)**+ \$0**

See Appendix A.

TOTAL CHANGES**+ \$755,000**

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

PROGRAM AND FINANCING
(in thousands of dollars)

CODE	OBLIGATIONS BY PROGRAM ACTIVITY	FY 2014 Actual	FY 2015 Appropriation	FY 2016 Budget Estimate
10.00	Total Obligations	\$29,282.0	\$31,386.0	\$32,141.0
	BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION			
21.40	Unobligated balance available, start of year			
22.00	New budget authority (gross)	\$35,408.0	\$31,386.0	\$32,141.0
22.30	Less: Unobligated balance expiring	\$6,125.9	-	-
23.95	New obligations	\$29,282.0	\$31,386.0	\$32,141.0
24.40	Unobligated balance available, end of year	-	-	-
	NEW BUDGET AUTHORITY (GROSS) DETAIL			
40.00	Appropriation	\$35,408.0	\$31,386.0	\$32,141.0
40.35	Appropriation rescinded	-	-	-
43.00	Appropriation (total)	\$35,408.0	\$31,386.0	\$32,141.0
	CHANGE IN UNPAID OBLIGATIONS			
72.40	Obligated balance, start of year	\$3,101.5	\$2,665.6	\$2,979.5
73.10	New obligations	\$29,509.8	\$31,386.0	\$32,141.0
73.20	Total outlays (gross)	-\$29,945.7	-\$31,072.1	-\$31,819.6
74.40	Obligated balance, end of year	\$2,665.6	\$2,979.5	\$3,300.9
	OUTLAYS (GROSS), DETAIL			
86.90	Outlays from new current authority	\$27,885.4	\$28,406.5	\$28,840.1
86.93	Outlays from current balances	\$2,060.3	\$2,665.6	\$2,979.5
87.00	Total outlays	\$29,945.7	\$31,072.1	\$31,819.6
	NET BUDGET AUTHORITY AND OUTLAYS			
89.00	Budget authority	\$35,408.0	\$31,386.0	\$32,141.0
90.00	Outlays	\$29,945.7	\$31,072.1	\$31,819.6

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

SALARIES AND EXPENSES

Object Classification (in thousands of dollars)

CODE	Direct Obligations	FY 2014 Actual	FY 2015 Appropriation	FY 2016 Budget Estimate
11.1	Full-time permanent	\$11,899.5	\$13,605.0	\$13,854.0
43.0	Interest	\$31.4		
11.5	Other personnel compensation	\$125.0	\$160.0	\$161.0
11.9	Total personnel compensation	\$12,024.5	\$13,765.0	\$14,015.0
12.1	Civilian personnel benefits	\$3,340.0	\$4,216.5	\$4,291.5
13.1	Unemployment compensation	-	-	-
21.0	Travel and transportation of persons	\$43.0	\$90.0	\$90.0
22.0	Transportation of things	\$2.6	\$4.5	\$4.5
23.1	Rental payments to GSA	\$3,500.0	\$3,500.0	\$3,500.0
23.2	Rental payments to others	\$119.0	\$140.0	\$160.0
23.3	Communications, utilities, and miscellaneous charges	\$170.0	\$200.0	\$200.0
24.0	Printing and reproduction	\$9.2	\$15.0	\$20.0
25.2	Other services	\$667.0	\$1,468.0	\$1,468.0
25.3	Purchases of goods and services from government sources	\$764.2	\$950.0	\$950.0
25.4	Operation and maintenance of facilities	\$14.3	\$20.0	\$20.0
25.7	Operation and maintenance of equipment	\$143.0	\$162.0	\$162.0
26.0	Supplies and materials	\$156.3	\$205.0	\$210.0
31.0	Equipment	\$497.5	\$650.0	\$950.0
94.0	Contributions to Judges' Retirement Fund	\$5,300.0	\$3,500.0	\$3,600.0
41.0	Pro Bono Representation Services (Grant)	\$2,500.0	\$2,500.0	\$2,500.0
99.9	Total obligations	\$29,282.0	\$31,386.0	\$32,141.0

UNITED STATES COURT OF APPEALS FOR VETERANS CLAIMS

JUDGES' RETIREMENT FUND

The United States Court of Appeals for Veterans Claims Retirement Fund (Judges' Retirement Fund or Fund), established under 38 U.S.C. § 7298, is used for judges' retired pay and for annuities, refunds, and allowances provided to surviving spouses and dependent children. Participating judges pay 1% of their salaries to cover creditable service for retired pay purposes and 2.2% of their salaries for survivor annuity purposes. Additional funds needed to cover the unfunded liability may be transferred to the Judges' Retirement Fund from the Court's annual appropriation. The Court's contribution to the Fund is estimated annually by an actuarial firm retained by the Court. The Fund is invested solely in government securities.

JUDGES' RETIREMENT FUND

(in thousands of dollars)

Code	Description	FY 2014 Actual	FY 2015 Appropriation	FY 2016 Budget Estimate
	Unavailable Collection Schedule			
01.99	Balance, start of year	\$33,478.0	\$37,556.7	\$39,808.7
	Receipts			
02.01	Earnings on investment	\$280.7	\$290.0	\$300.0
02.02	Employer contributions	\$5,300.0	\$3,500.0	\$3,600.0
02.03	Employee contributions	\$53.5	\$62.0	\$72.0
02.99	Subtotal, receipts	\$5,642.7	\$3,852.0	\$3,972.0
04.00	Offsetting collections (outlays)	-\$1,564.0	-\$1,600.0	-\$1,700.0
04.00	Offsetting collections (outlays) using prior year funds, in satisfaction of <i>Beer</i> .*	-\$103.4	-	-
88.03	Total: Balances and collections	\$37,556.7	\$39,808.7	\$42,080.7
	Appropriations			
65.99	Judges' Retirement and Survivor Annuity Fund	-\$1,564.0	-\$1,600.0	-\$1,700.0
88.99	Balance, end of year	\$37,556.7	\$39,808.7	\$42,080.7

* Denotes funds available from prior year appropriations that were used to pay retired judges pursuant to *Beer v. United States*, 696 F.3d 1174 (Fed. Cir. 2012).

APPENDIX A



Legal Services Corporation
America's Partner For Equal Justice

January 29, 2015

The Honorable Bruce E. Kasold, Chief Judge
United States Court of Appeals for Veterans Claims
625 Indiana Avenue, N.W., Suite 900
Washington, D.C. 20004

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Julie A. Reiskin
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Gloria Valencia-Weber
Albuquerque, NM

Re: Budget Request for the Veterans Pro Bono Representation Program

Dear Chief Judge Kasold:

This letter describes the activities of the Legal Services Corporation (LSC) regarding the veterans pro bono program pursuant to Public Law 102-229, Title I, Ch. II, 105 Stat. 1701, 1710 (Dec. 12, 1991). Congress appropriates funding for this program to the U.S. Court of Appeals for Veterans Claims (Court) with specific direction to provide those funds to LSC to make "grants and contracts" to "facilitate the furnishing of legal and other assistance, without charge, to veterans and other persons who are unable to afford the cost of legal representation in connection with decisions" of, or other proceedings in, the Court. *Id.*

The current grantee, the Veterans Consortium Pro Bono Program (Consortium), submits a funding request, which LSC is not in a position to evaluate, and which is provided to Congress along with the Court's budget submission. LSC is not involved in the determination of the need for veterans pro bono legal services or the amount of the annual funding request. LSC's role begins after Congress has appropriated funding and the Court has provided the funds to LSC. LSC then evaluates applications, awards the grant, and conducts grant oversight and follow-up activities.

LSC's activities focus on ensuring that the grantee, currently the Consortium, provides the assistance and performs the activities required by Public Law 102-229. LSC's activities include, but are not limited to, the following:

- Reviewing and evaluating the Consortium's annual renewal applications.
- Subjecting each grant award to Grant Assurances that specify conditions the Consortium must meet to receive the grant.
- Attending the meetings of the Consortium's board of directors and reviewing copies of the Consortium's budget and other reports the Consortium's staff submit to the Consortium's board. (The Court's staff also attend the board's meetings and are provided these reports.)

3333 K Street, NW 3rd Floor
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Phone 202.295.1500 Fax 202.337.6797
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The Honorable Bruce E. Kasold, Chief Judge
January 29, 2015
Page 2

- Conducting periodic, comprehensive, on-site reviews of the Consortium's operations. (Six have been conducted since 1995.)
- Maintaining communications with the Consortium's board chair and executive director.
- Requiring the Consortium to submit copies of its annual audited financial statements to LSC's Office of the Inspector General (OIG) for review. The OIG has not identified any issues that require follow up and review.
- Requiring that the Consortium track and report any carryover fund balance of grant funds from one year to the next (by year and cumulative), estimate future fund balances, and include that information in the program's annual budget request for submission to Congress.

Beginning with the 2015 grant year, after consultation with the Court, LSC has added a 40% cap on the amount of funds that the Consortium can carry over as a fund balance from prior grants. Any carryover funds over that cap will be returned to LSC for reimbursement to the Court.

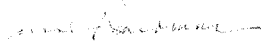
The FY2016 request (dated January 15, 2015) the Consortium initially submitted to the Court did not include the information regarding fund balances that is required by the FY2014 Grant Assurances. LSC notified the Consortium of this error and directed the Consortium to submit to the Court a revised FY2016 request with the necessary information. LSC received from the Consortium a copy of the revised request it submitted to the Court earlier today. The revised request appears to include the information required by the FY2014 Grant Assurances.

Based on these oversight activities, LSC has determined that the Consortium's services and operations have, in all prior years, met the requirements set forth in Public Law 102-229.

LSC will conduct a Request for Proposals public competition for the FY2016 grant.

Please let me know if you have any questions or require further information about this matter. Thank you.

Respectfully yours,



James J. Sandman
President



2101 L Street, NW Washington, DC 20037 • (202) 628-8164 • www.vetsprobono.org

FY 2016 FUNDING REQUEST, BUDGET AND NARRATIVE

January 29, 2015 (updated)

INTRODUCTION

The Veterans Consortium Pro Bono Program (Pro Bono Program) trains and provides volunteer attorneys to assist financially qualified, unrepresented veterans and their qualified family members who have filed a veterans benefits appeal at the U.S. Court of Appeals for Veterans Claims (Court). The goal of the Pro Bono Program is to offer representation at the Court to every financially eligible appellant with a meritorious appeal in order to ensure that each appellant attains the best possible outcome. Ensuring every appellant is represented also assists the Court in efficient processing of claims as the appellants have advocates to guide their claims through the complex appeals process. The Pro Bono Program is supported by its founding organizations: The American Legion, the Paralyzed Veterans of America, the National Veterans Legal Services Program, and the Disabled American Veterans. The Pro Bono Program works with the Court, the Department of Veterans Affairs, nonprofit organizations that provide services to veterans, law schools, and bar associations that focus on veterans law to develop broad support for the work ultimately performed by the Pro Bono Program.

The Pro Bono Program is funded through a Legal Services Corporation grant established by Public Law No. 102-229 to provide legal and other assistance, without charge, to veterans and other persons who are unable to afford the cost of legal representation before the Court. The grant is funded through an appropriation request submitted as part of the Court's appropriation request.

The Pro Bono Program is requesting an appropriation of new grant funds in the amount of \$2,500,000 for FY 2016.

The Pro Bono Program's proposed budget for FY 2016 is attached.

**SIGNIFICANT STATISTICS FOR THE BOARD OF VETERANS' APPEALS, THE U.S.
COURT OF APPEALS FOR VETERANS CLAIMS, AND THE VETERANS
CONSORTIUM PRO BONO PROGRAM**

The Pro Bono Program continues to provide free legal advice and assistance to a significant number of unrepresented veterans or their qualified family members with active appeals at the Court. The Pro Bono Program is a unique program that successfully leverages the investment of the United States by obtaining millions of dollars' worth of pro bono representation for the veterans and family members it serves. For example, in calendar year (CY) 2014 Pro Bono Program attorneys provided over \$4.9 million in pro bono legal services to appellants.

The number of appeals decided by the Board of Veterans' Appeals (BVA) generally provides an indicator of potential appeals at the Court, and therefore potential pro se appellants that would need the Pro Bono Program's services. The BVA decided 55,532 cases in FY 2014, a 20% increase over the 41,910 decisions issued in FY 2013. This number is very likely to be even higher next year, in light of the BVA's target of 57,600 decisions for FY2015. Furthermore, it should be noted that the number of decisions issued by the BVA typically increases annually, and the reduction of the backlog is anticipated to significantly increase the number of decisions that will be appealable to the Court beyond 2015 into 2016.

Preliminary Court statistics for CY 2014 indicate that the number of new appeals and writs filed with the Court rose to approximately 4,429, a very significant increase of almost 20% over the 3,634 cases filed in CY 2013. The Pro Bono Program notes that in FY 2014 the Court recorded that 1,298 appellants—32% of the total—filing Notice of Appeals were unrepresented, a slight decrease from CY 2013's 1280 (37%). This decrease of the pro se rate is the ultimate goal of the Pro Bono Program, and while this success is cause for celebration, there remains a very significant need for pro bono services for those veterans who remain unrepresented. The sharp increase in Notice of Appeals filed at the Court clearly demonstrates the continued need for Pro Bono Program services.

The Pro Bono Program sent offers of assistance to 1,288 pro se appellants with appeals at the Court in CY 2014, an increase over the 1,267 in CY 2013, which reflects both the continued decrease in the percentage of pro se filings at the Court and the simultaneous increase in the total number of filings. The Pro Bono Program experienced a 37% response rate to the offers of assistance in CY 2014, an increase from the 34% in CY 2013.

The Pro Bono Program case managers evaluated 450 cases of veterans or qualified family members in CY 2014, a number equivalent to the 448 cases evaluated in 2013. Of the 450 cases evaluated in 2014, 47% of the cases were placed with a volunteer attorney or in-house attorney, a decrease from the 54% of appellants accepted into the Pro Bono Program in 2013. This small decrease reflected a broader trend toward a greater expansion of services, as the Pro Bono Program had provided less than 30% of those requesting services with a representative in the past. The remainder of the 2014 cases were denied services as they were not qualified for a variety of reasons (e.g. financial ineligibility, jurisdictional defects, lack of merit, retained own counsel, etc.). Appellants not qualified for the Pro Bono Program are provided with detailed information about the reason for their status and referrals to other resources.

Pro Bono Program assistance is still available to these unqualified appellants, as well as all other pro se appellants, through its 'Limited Legal Assistance and Information Helpline.' The Helpline guides unrepresented veterans and their family members through their appeal at the Court by providing limited legal assistance and information regarding (1) the explanation of the Court's function, processes, and timelines, (2) the completion of informal briefs, RBA disputes, and other pleadings, and (3) the explanation of Court filings and decision memorandum.

The Helpline provides appellants with the opportunity to produce informed and cogent pleadings to the Court and allows the Court to process the appellants' filings more efficiently. It also offers the Pro Bono Program another way to offer unrepresented appellants program services. Since its inception in 2014, the Helpline has had 92 appointments and 200 incoming and outgoing follow-up interactions. Of the appointments, 70% elected to receive program services of the organization's main component. For FY 2016, the Helpline anticipates a greater demand for services due to a planned outreach campaign to inform unrepresented appellants, who are at the informal brief stage at the Court, about the services the Helpline offers.

In addition to providing appellants at the Court with representation, counseling, or information about their cases, the Pro Bono Program also responded to inquiries from over 4,300 veterans who did not have a case at the Court. These veterans were provided with information and referrals regarding the appeals process, as well as legal services unrelated to the Court such as family or housing issues. Of those 4,300 contacted the Pro Bono Program directly assisted over 300 veterans or their family members with initiating the appeals of their BVA decisions to the Court.

The Pro Bono Program anticipates that there will be an increase in requests for services in the future as indicators show that the BVA will continue to decide an even greater number of appeals to clear out backlogged cases, leading to more appeals filed with the Court. Furthermore, additional filings at the Court are expected as a result of returning Iraq and Afghanistan veterans. In 2016 the Pro Bono Program is also anticipating a greater demand for services due to a continuing campaign to further inform appellants and veterans service organizations about the services the Pro Bono Program offers.

The Veterans Consortium Pro Bono Program's Accomplishments in FY 2014

- Trained 174 attorneys in veterans' appellate law to prepare them to provide volunteer services to Pro Bono Program clients.
- Provided over 210 financially qualified veterans or their qualified family members with free legal representation or consultation for their cases at the Court.
- Provided over 230 pro se appellants with information about their cases if the cases were not accepted for Pro Bono Program services.
- Provided over 4,300 veterans and other individuals with information about the Pro Bono Program services, the appeals process at the Court, or referrals for non-Court related legal services, such as family and housing issues.
- Reached out to hundreds of pro se appellants regarding the Limited Legal Assistance and Information Helpline, leading to almost 100 telephone appointments with in-house attorneys.
- Updated all resource materials to ensure accessible reading levels and clear information are available to veterans and their family members. This will be a continuing effort during 2016.

- Assisted over 300 veterans with the process of initiating the appeals of their BVA decisions.

BUDGET REQUEST DETAIL

Personnel Costs

The majority of the assistance provided to veterans and their family members is accomplished through personal contact. The Pro Bono Program actively promotes direct contact with veterans and their loved ones to ensure that they understand what is happening with their cases and the staff works to provide assistance in any way possible. Salary and benefits of those individuals performing services for the Pro Bono Program are reimbursed from grant funds and account for 60% of the proposed FY 2016 budget. These costs include the fulltime paid personnel who staff the Case Evaluation and Placement Component and the fulltime Administrative staff.

Table A

PERSONNEL AND FTE DISTRIBUTION				
Component	Total Number of Personnel Providing Services to the Pro Bono Program FY 2015	Total FTE Authorized by the Grant FY 2015	Total Number of Personnel Providing Services to the Pro Bono Program FY 2016	Total FTE to be Requested under the Grant FY 2016
Case Evaluation and Placement	12	12	12	12
Administration	2	2	2	2
Total	14	14	14	14

Table A above shows in summary the number of Fulltime Equivalent (FTE) employee positions to be paid out of grant funds in FY 2015 and FY 2016. Recruitment and education of volunteers and Direct Representation services are all administered by contract.

A detailed breakdown by Component follows.

I. Case Evaluation and Placement Component**\$1,743,000**

The FY 2016 funding request reflects a 1.3% increase from the FY 2015 funding for all aspects of the Case Evaluation and Placement component.

A. Personnel

Typically, the Pro Bono Program budgets a 4% increase in salary and benefits – 2% for cost-of-living increases, and up to 2% for merit increases. The budget for FY 2016 includes this increase of up to 4%. The three categories of personnel staffing this component are: attorneys, a veterans law specialist, and administrative support staff. The FY 2016 request for the Component's personnel is \$1,236,813.

Six fulltime attorneys – The Director, the Deputy Director for Placement, three Case Management Attorneys and one Helpline Attorney. The Director provides oversight to the Component while the Deputy Director and Case Management Attorneys review the VA claims file and BVA decision in each case to determine whether the case presents an issue that justifies referral to a lawyer. The Deputy Director also coordinates the placement of meritorious cases with volunteer attorneys. The Helpline attorney provides limited legal assistance to appellants without representation at the Court. The Pro Bono Program is requesting funding for six fulltime attorneys in FY 2016.

One Veterans Law Specialist – The Veterans Law Specialist is also fulltime and reviews the VA claims file and BVA decision in each case to determine whether the case presents an issue that justifies referral to a lawyer. The Veterans Law Specialist is among the most experienced non-lawyer personnel in the veterans' law field. The Pro Bono Program requests funding for one fulltime veterans law specialist in FY 2016.

The Pro Bono Program requests funding for five fulltime administrative support staff. In addition to three administrative assistants, the team also includes a paralegal and one Helpline staff member.

B. Travel/Continuing Legal Education

The amount budgeted for Travel and Continuing Legal Education remains constant at \$28,000 to maintain the Pro Bono Program's focus on the continuing education of case managers. This focus supports efficient and accurate case evaluation, enabling greater placement of cases with volunteer attorneys.

C. Contract Services

The amount budgeted for Contract Services for FY 2016 remains equivalent to the \$85,000 budgeted for FY 2015. These funds will be used to pay for pilot projects to increase case evaluation accuracy, such as engaging medical consultations for complex issues as needed on cases where the medical information is likely to determine if the cases are meritorious and qualify for volunteer attorneys. This area also includes items such as accounting and human resources for the Component.

D. Space-Rent

The amount budgeted for rent in FY 2016 is \$229,472, which reflects the fixed annual increase of 4% specified in the current lease.

E. Other Expenses to Support the Component's Accomplishments

For FY 2016 the Component is requesting \$163,715 to support the Component. This area includes IT support, web support, printing, as well as advertising and promotional efforts to support further outreach to veterans. This category also includes office supplies, insurance, library, property acquisition, grant management, and other minor expenses to allow the Component to function.

II. Direct Representation Component \$95,000

Some cases require immediate attention by a lawyer experienced in veterans law to represent properly the appellant and/or protect an appellant's rights. The Pro Bono Program contracts with the Paralyzed Veterans of America (PVA) to provide this Direct Representation service. In 2014 PVA contracted to accept 20 such cases and charged the Pro Bono Program just 75% of PVA's out-of-pocket costs. The remaining 25% was donated by PVA. It is anticipated that PVA will continue to offer these services with an adjustment for salary increases.

III. Outreach Component \$35,000

The Outreach Component recruits volunteer attorneys to provide pro bono representation to the Pro Bono Program's clients. These recruitment services are provided on a fixed price contract by the National Veterans Legal Services Program (NVLSP). The FY 2016 budget indicates there will be no increase due to a continuing contract for recruitment services from 2014. In addition to the prior recruitment of volunteer attorneys, this budget component also provides for updating selected sections of the website, pro bono event attendance, and updating the recruitment brochure.

IV. Education Component \$285,000

The proposed FY 2016 budget for the Education Component reflects a 3% increase over the appropriation request for FY 2015. Like the Outreach Component, for FY 2015 these services are being provided by the NVLSP at a fixed price. Included in this budget component are the costs of volunteer reference materials of \$89,000.

V. Executive Administration \$342,000

The amount budgeted for FY 2016 represents a decrease from FY 2015, down from \$378,530.

A. Personnel

Two personnel will provide for the administration of the organization – the Executive Director and an Executive Assistant. While the position of Executive Director is currently unoccupied, the Program has formed a search committee to hire someone to fill the position during 2015. The funds required for this search and the resulting salary and benefits will result in no significant

decrease in personnel costs for the component. The request for Executive Administration personnel totals \$274,000.

B. Office Supplies & Expenses

The FY 2016 request for this area is for \$10,000 and includes office supplies, telephone, equipment rental, insurance and dues and fees.

C. Travel/Continuing Legal Education

The FY 2016 request for this area is \$6,500 for travel and continuing education for the Executive Director and continuing education for the Executive Administrator. This amount is slightly less than the FY 2015 request.

D. Property Acquisition

The Pro Bono Program expects minimal property acquisitions for the administrative team in FY 2016 and is decreasing the amount to \$2,500.

E. Contract Services

Contract services include outsourced accounting, human resources, and benefits management as well as other operational support. The request for FY 2016 is \$9,000, the equivalent of the FY 2015 request.

F. Other Expenses for Administration

The FY 2016 request of \$40,000 is equivalent to the amount requested for FY 2015. This area includes IT support, web support, printing, grant management, audit, and increased advertising and promotion to support further outreach to veterans.

VI. Grant Funds Balance

The Pro Bono Program expects that it will have a grant fund balance to carry forward from 2015 to 2016 due to achieved efficiencies. The Program is planning to continue its mission by expanding existing programs and creating new ways to reach out to veterans. Moreover, a portion of the grant fund balance for 2016 is necessary to protect and ensure uninterrupted service to veterans during times of budgetary uncertainty. Further, the Program finds that there will remain a significant number of financially qualified veterans who could benefit from various forms of assistance as they proceed through the appellate process. There is also an expectation that as the VA's backlog is processed there will be an increased number of pro se appellants who need Program assistance.

The program Grant Assurances require that any year-end fund balance in excess of 40% of the current year grant funds must be returned to the Legal Services Corporation for reimbursement to the Court. The unaudited cumulative fund balance of appropriated funds as of December 31, 2014 was \$2,389,368. Pursuant to the program Grant Assurances, \$1,389,368 of those funds will be returned to the Legal Services Corporation for reimbursement to the Court. The remaining \$1,000,000 will be retained for program operations. The estimated year-end FY2015 cumulative

fund balance of appropriated funds will be \$1,140,073. Pursuant to the program Grant Assurances, \$140,073 of these funds will be returned to the Legal Services Corporation for reimbursement to the Court. The remaining \$1,000,000 will be retained for program operations. The estimated year-end FY2016 cumulative fund balance of appropriated funds will be \$1,144,000. Pursuant to the program Grant Assurances, \$144,000 of these funds will be returned to the Legal Services Corporation for reimbursement to the Court. The remaining \$1,000,000 will be retained for program operations. (Note these are fund balances of appropriated funds and do not include funds from other sources.)

VII. TOTAL BUDGET REQUESTED

Case Evaluation and Placement Component	\$1,743,000
Direct Representation Component	\$95,000
Outreach Component	\$35,000
Education Component	\$285,000
Executive Administration	\$342,000
TOTAL Budget & Oversight	\$2,500,000
TOTAL FY 2016 FUNDING REQUESTED	\$2,500,000

GRANT FUND BALANCES*

Total grant funds balances as of 12/31/14	\$2,389,368
Projected 2015 grant fund balance	\$1,140,073
Estimated fund balance – end FY2016	\$1,144,000

*Balances of appropriated funds do not include funds from other sources.

UNAPPROPRIATED FUNDS (ALL SOURCES)*

Contributions carried into 2014	\$220,074
Contributions received in 2014 (private donors/EAJA fees)	\$65,085
Expenses paid from non-appropriated funds in 2014	<u>\$25,295</u>
Non-appropriated fund balance as of 12/31/14	\$259,864
Projected non-appropriated fund balance at 12/31/15	\$289,864
Projected non-appropriated fund balance at 12/31/16	\$314,864

*These funds are used for the establishment and functioning of law school clinics and for medical evaluations beneficial to appellants.

Projected available funds as of 12/31/16	\$1,458,864
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ARMED FORCES RETIREMENT HOME
CONGRESSIONAL BUDGET JUSTIFICATION
FISCAL YEAR 2016

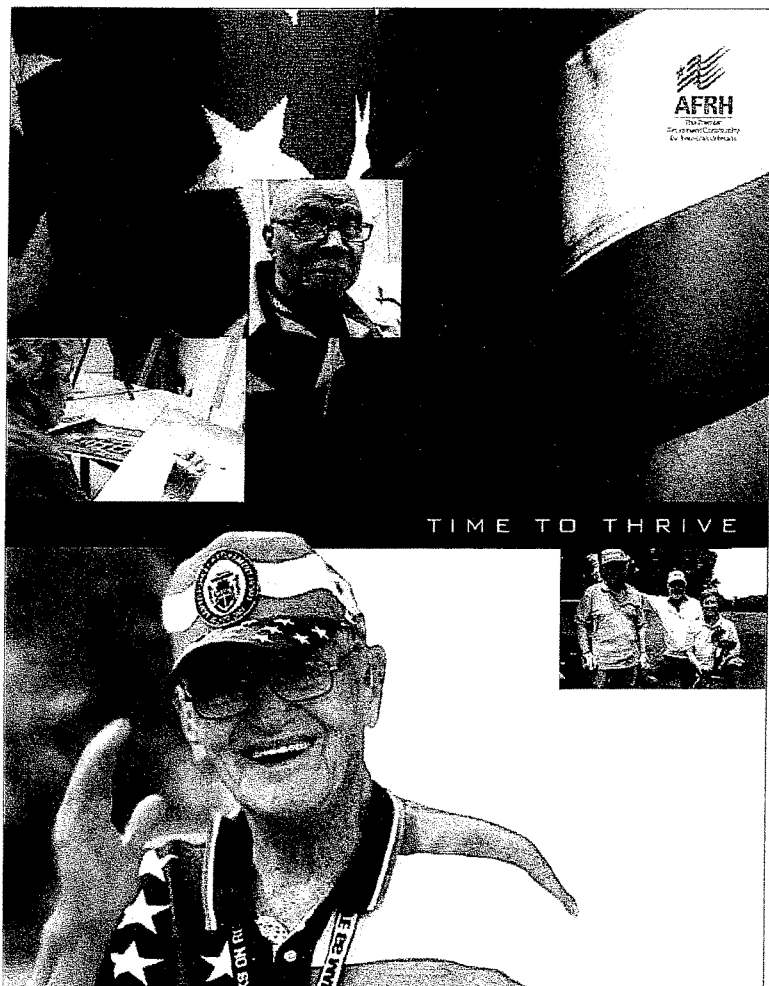




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APPROPRIATIONS LEGISLATION

ARMED FORCES RETIREMENT HOME

TRUST FUNDS

For expenses necessary for the Armed Forces Retirement Home to operate and maintain the Armed Forces Retirement Home-Washington, District of Columbia, and the Armed Forces Retirement Home-Gulfport, Mississippi, to be paid from funds available in the Armed Forces Retirement Home Trust Fund, \$64,300,000, [\$63,400,000] of which \$1,000,000 [\$1,000,000] shall remain available until expended for construction and renovation of the physical plants at the Armed Forces Retirement Home-Washington, District of Columbia, and the Armed Forces Retirement Home-Gulfport, Mississippi.

(Military Construction and Veterans Affairs, and Related Agencies Appropriations Act)



INTRODUCTION

The Armed Forces Retirement Home (AFRH) is proud to present the Congressional Budget Justification for Fiscal Year (FY) 2016.

In 2016, AFRH will continue to focus on providing exceptional retirement services for the nation's veterans and improving health care through broadening our partnerships, identifying additional Person-centered Care (PCC) opportunities and strengthening AFRH's workforce through employee initiatives. AFRH has been steadily working towards a Person-centered Care environment to improve services for our Residents—PCC is the ability to meet individual Resident needs, within budget constraints, in a home-like environment. AFRH embarked on the PCC approach to senior living in 2010 with the opening of our modern Gulfport facility and took another major step forward in 2013 when the new Washington, DC Scott Building opened. Both of these facilities are energy efficient, ADA compliant, and handicap accessible as well as provide upgraded amenities, state-of-the-art Wellness Clinics and small house concepts for our healthcare Residents.

AFRH has achieved our vision of modern, energy efficient, enhanced facilities at both locations to meet the needs of current and future generations of veterans. With our major construction projects behind us, our focus turned to enhancing our operations including: The Joint Commission (TJC) and Commission on Accreditation of Rehabilitation Facilities (CARF) accreditations, leasing of underutilized buildings and land, our internal / external partnerships and further energy saving opportunities.

KEY 2014 ACCOMPLISHMENTS

The Joint Commission Accreditation: In 2014, AFRH pursued TJC accreditation for the first time to supplement our current accreditation from the Commission on Accreditation of Rehabilitation Facilities (CARF). TJC accreditation surveys for ambulatory care and nursing care were completed in September 2014 with accreditation awarded for both Campuses in early FY 2015. This accomplishment was achieved because our dedicated staff ensures our Residents receive the highest level of care. In FY 2015, we will prepare for the TJC Home Healthcare accreditation when our Independent Living Plus Pilot program becomes a permanent level of care. This final accreditation survey scheduled for FY 2016 will be the final step in securing accreditation for all five levels of care (Independent Living, Independent Living Plus, Assisted Living, Memory Support and Long Term Care).

Maintaining High Resident Satisfaction: The 2014 Resident satisfaction survey shows overwhelmingly our Residents are satisfied living at AFRH and consistently rate our services and programs as exceeding their expectations. AFRH staff is committed to enhancing Residents' quality of life and gathering Resident input through Town Hall meetings, Focus Groups, Q&A Sessions and Resident Advisory Committee feedback.

Major Cost Savings: After years of planning and preparation, AFRH closed the AFRH-W Power Plant in FY 2014. Constructed in 1906, this handsome brick structure served as the main utility building for more than a century providing heat and hot water to the AFRH-W Campus. Modern advancements in energy systems, as well as the Home's ongoing efforts to reduce the AFRH-W



operational footprint, eliminated the need for a central plant of its size. The functions of the Power Plant have been replaced by a new, more efficient system resulting in significant cost savings.

AFRH is working with the Department of Energy Federal Energy Savings Performance Contract (ESPC) program and has selected an ESPC contractor to assess areas for further energy initiatives in response to the President's Performance Contracting Challenge. AFRH, working with the ESPC contractor, has identified several areas for potential energy saving opportunities. These ESPC projects will assist AFRH in further reducing our utility costs particularly in our AFRH-W Sheridan Building.

Operations Streamlined: Having shaped our two Campuses into similar configurations for maximum efficiency and Resident populations, we are continuing to improve our processes and reduce costs. With a continued focus on financial streamlining and watchful management of our budgets, we were able to reduce our FY 2015 budget by 6.5% from our FY 2014 enacted budget while maintaining quality service and care.

OPPORTUNITIES AND CHALLENGES

Trust Fund Solvency: Our most pressing challenge is to replenish the balance in our self-sustaining Trust Fund which has declined because of an unplanned reduction in our largest revenue source—Fines & Forfeitures. Working with our Department of Defense (DoD) leadership, in FY 2015 AFRH has identified several opportunities to increase revenue to offset the reduced Fines & Forfeitures.

Our most promising opportunity to significantly increase revenue is from the leasing of 77+ underutilized acres in Washington, DC. In FY 2014, AFRH began moving forward with our AFRH-W Master Plan to lease 77+ acres of underutilized land. The plan, originally approved in 2008, has been on hold until the local real estate market recovered. AFRH, working with the General Services Administration (GSA), is soliciting a ground lease which will provide an additional revenue source to support our Trust Fund. By leveraging our GSA Partnership and working with United States Army Corps of Engineers (USACE), AFRH expects to gain maximum benefit from the development of our property. The Request for Proposal is scheduled to be released in February 2015.

AFRH IG Challenges: The 2015 AFRH Inspector General challenges emphasized the need to promote economy, efficiency and effectiveness in the administration of our programs during 2015. Emphasis on identifying and implementing cost-saving initiatives and operating within mandated budget reductions was highlighted as a way to promote Trust Fund solvency. Added attention was recommended to enhance controls in our technology environment and in our healthcare delivery systems. Some of our IT challenges span years but annually we see incremental progress in every area.

LOOKING AHEAD

This Congressional Budget Justification presents our efforts to hold both Campuses to the highest standards of accountability while strengthening the financial future of AFRH. As we move forward in our vision of a vibrant, economical operation at both AFRH Campuses, we continue to work to use the funding entrusted to us by current and former military personnel and in their best interests while pursuing increased revenue. Our largest cost driver continues to be health care costs.



STRATEGIC PLAN FRAMEWORK

Vision: A retirement community committed to excellence, fostering independence, vitality and wellness for Veterans, making it a vibrant place in which to live, work and thrive.

Mission: To fulfill our nation's promise to its Veterans by providing a premier retirement community with exceptional Residential care and extensive support services.

Guiding Principles:

Person-Centered: "Person-centered Care" is defined as the careful manner in which Resident needs are considered while developing responsive plans of care and delivering meaningful services.

Accountability: We expect our workforce to achieve what we promise to Residents, staff and service partners. To ensure success, we measure progress and provide feedback to our customers.

Integrity: We will strongly uphold the mission of AFRH. We are honest and ethical and deliver on our commitments. We recognize that good ethical decisions require individual responsibility enriched by collaborative efforts.

Workforce Growth: We strive to hire and retain the most qualified people. We maximize their success through training and development as well as maintaining and promoting open communication.

Honor Heritage: We honor the rich history of the US Armed Forces—from our Veterans to our victories, as such; our Campus reflects that military heritage with memorabilia and tributes.

Inspire Excellence: We continuously work to improve each process, service and its delivery, while striving for excellence in all we do. We expect excellence and reward it.

One Vision / One Mission / One Organization Success depends on our devotion to an unwavering Vision and Mission. Working together in different locations, under various managers and leaders, we maintain a distinct focus to serve our Residents. We collaborate and respond in a unified and single voice.

Strategic Goals:

EMBRACE RESIDENT-CENTERED CARE: Each person will understand each Resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

MAINTAIN EXCEPTIONAL STEWARDSHIP: Pursue and implement innovative ways to deflect, reduce, and manage costs by maximizing assets, resources, and programs to fulfill needs and wishes of current / future Residents.

PROMOTE A STAFF-CENTERED ENVIRONMENT: Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

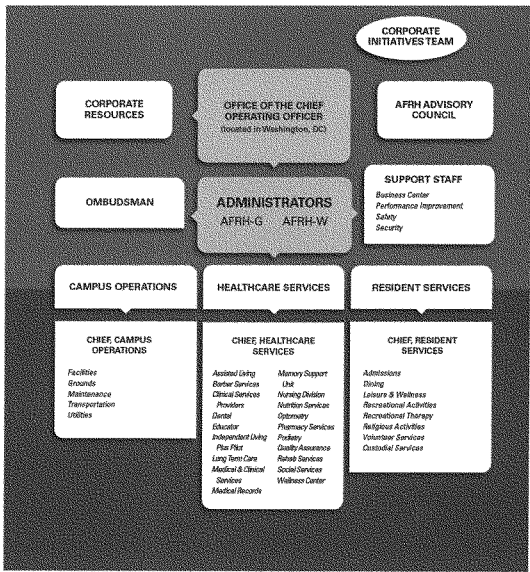


LEVERAGE EXTERNAL STAKEHOLDERS: Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

AFRH ORGANIZATION

AFRH is a unique Federal Agency that is classified as a Continuing Care Retirement Community (CCRC). AFRH is organized in a contemporary business establishment, with a corporate office that manages independent functioning retirement communities in two different locations. This arrangement allows the corporate office to make strategic decisions, as well as communicate with Congress, DoD, other Federal Agencies and stakeholders. Oversight comes from the Secretary of Defense, delegated to Under Secretary of Defense (Personnel & Readiness) and the Assistant Secretary of Defense (Readiness and Force Management).

The AFRH Corporate level (red on the chart) guides the entire agency under an equivalent structure known as the "One Model". The "One Model" translates to having the same staffing, policies, procedures and standards of care at each site (blue on the chart). Both Campuses provide comparable state-of-the-art amenities and similar staff configuration. Each facility delivers the same high levels of care in two comparable environments while recognizing the unique needs of its Resident population.





FY 2014 KEY EVENTS AND ACCOMPLISHMENTS

CORPORATE

FY 2014 Agency initiatives focused on greater efficiency and effectiveness to enhance operations including:

Managing the Government Furlough—This major challenge was handled adeptly by AFRH staff with no impact on the health and welfare of AFRH Residents. The AFRH COO and managers carefully reviewed services and made appropriate adjustments to non-essential services and activities. For the first time in 56 years, the AFRH-W Antique Car Show was cancelled and AFRH-G did not participate in the Cruisin' the Coast Auto Show since both were scheduled during the furlough period.

The Joint Commission Accreditation—Throughout FY 2014, AFRH prepared for The Joint Commission (TJC) accreditation survey. TJC is an independent, not-for-profit organization that accredits and certifies more than 20,500 healthcare organizations and programs in the United States and is recognized nationwide as a symbol of quality reflecting an organization's commitment to meeting certain performance standards. During September 2014, both AFRH facilities were surveyed by TJC and found to be compliant with TJC standards. AFRH-G received its accreditation in October 2014, and AFRH-W received its accreditation in November 2014, meeting one of our major performance metrics.

Leadership Training—To improve staff cohesion and better team productivity AFRH Corporate and Campus managers participated in teambuilding workshops. The workshops and activities improved management interaction, strengthened communication, addressed concerns and further opened discussion on interpersonal relationships. Managers rated the teambuilding workshops as highly successful.

Key Personnel Vacancies—The AFRH COO successfully filled key vacancies including the AFRH CFO, AFRH-W Administrator and several healthcare management positions. These Agency and Campus leaders brought a new spirit of innovation and creativity to the AFRH organization.

Employee Individual Performance Plans—In FY 2014, AFRH worked to link individual employee performance to AFRH strategic goals through annual employee Individual Performance Plans (IPP). This linkage strengthens employees' understanding of their responsibilities to support AFRH in meeting our strategic goals.

Leasing Underutilized Buildings—As a source of increased Trust Fund revenue, AFRH is working with our DoD leadership and the U.S. Army Corps of Engineers (USACE) to lease AFRH-W underutilized property. These efforts resulted in identifying and developing a lease with a DC charter school to occupy part of the historic Sherman Building. The school began designs for remodeling and will open in September 2015.

Information Technology—AFRH continued to improve communications and expand electronic data sharing. The use of Cloud technology, video teleconferencing and an upgraded Electronic Medical Record (EMR) system were all part of AFRH IT upgrades. Our new video



teleconferencing capability supported enhanced participation at staff meetings and reduced travel to attend key meetings.

CAMPUS

Both AFRH Campuses continue to expand their reoccurring activities and special community events with our partners. FY 2014 noteworthy events included:

National Capital Region Honor Flight—For many years, World War II (WWII) Veterans from across the U.S. have been traveling to DC to visit the World War II Memorial. In April 2014, AFRH-W hosted the first Capital Region Honor Flight where 12 AFRH WW II Veterans joined other local WWII Veterans to visit the WWII and other national memorials. This daylong event provided veterans with the unique opportunity to experience a day of honor and camaraderie. At the Arlington Cemetery Tomb of the Unknown, veterans were honored with a special wreath-laying ceremony by Major General Jeffrey Buchanan, Commander of the Military District-Washington. More than 100 Residents, family members, active duty service members, Friends of the Soldiers' Home and staff members greeted these veterans when they returned home.

World War II Veterans Japan Visit—In April 2014, AFRH Residents from both Campuses traveled to Japan as guests of a Japanese friendship organization. AFRH WW II veterans participated in a Japan / United States veteran's friendship softball game and toured Japan. The softball game was held in a park adjacent to the 1945 nuclear bomb detonation, and in remembrance, participants wore white hats to symbolize peace. For some of our Residents, it was their first opportunity to visit Japan since their post-WW II tours of duty in the Pacific.

AFRH-W Power Plant Closure—After 107 years of continual operations providing hot water and heat for the AFRH-W Campus, the AFRH-W Power Plant ceased operations on October 4, 2013. Modern energy alternatives and cost efficiency necessitated this change and resulted in significant utility savings.

Military Health Partnerships—AFRH-G renewed Secretary of the Air Force Designee Status for non-beneficiary AFRH veterans providing non-retired AFRH-G Residents the option to receive healthcare at Keesler Medical Centers. AFRH-W Residents also have the same privileges at Walter Reed National Military Medical Center (WRNMMC). The support of Keesler AFB and WRNMMC ensures AFRH Residents have access to specialty care.

Sergeant Major Battaglia's Christmas Message to the Troops—Sergeant Major Bryan Battaglia, Senior Enlisted Advisor to the Chairman of the Joint Chiefs of Staff, became the first Senior Enlisted Advisor to broadcast his annual military forces holiday message from AFRH-W. AFRH Residents were honored to be part of SMG Battaglia's annual holiday message and send holiday greetings to the troops.

AFRH-W Time Capsule—During the earthquake repairs to the historic AFRH-W Sherman Building, a time capsule from 1898 was discovered in one of the Sherman towers. The time capsule was inspected, protected from further damage and resealed in its original tower location. This unknown piece of history sparked the imaginations of the AFRH-W Residents who decided



to continue this tradition. The AFRH-W Residents created a time capsule representing their life at AFRH-W. The time capsule will be placed in the Scott Building. *Items selected by the Residents for inclusion:*

- AFRH-W Director's Coin, 2012 Infantry Soldier Silver Dollar, Vietnam Veterans Memorial Fund Coin and \$2 Bill;
- Colonel Paul R. Goode's book on the history of AFRH;
- 2012 Commemorative Presidential Campaign Photograph of President and First Lady Obama;
- November 7, 2012 *Washington Post* Front page and March 3, 2013 *Washington Post Gazette* article on the Home;
- Current photographs and aerial map of the AFRH-W Campus;
- February 28, 2013 AFRH Communicator Newspaper, AFRH's *Mindful Care, Meaningful Living* published November 15, 2012, and AFRH-W November 23 – December 6, 2013 Calendar of Activities; and
- Resident Roster dated March 15, 2013

New Putting Green—Taco Bell, a new AFRH-G partner, generously provided a \$25,000 donation to install an outdoor putting green, new swings and a park bench to enhance our AFRH-G grounds. These improvements were identified by the Residents as their recreation priorities, and Taco Bell generously met the Residents' needs.

Nation of Patriot Tour Flag Transfer—The Harley Davidson Group (HOG) Nation of Patriot tour, organized in 2009, passes the very foundation of our country, an American Flag, through 48 states in 100 days to pay tribute and honor America's Armed Forces – Past, Present and Fallen. Each night the Flag "rests" at its location before being passed to the next rider for the next day's journey by one of the HOG Nation of Patriot riders. In FY 2014 the group, escorted by the Gulfport Police Department, visited AFRH-G as part of its Patriot Tour. After a Memorial Pool Flag Transfer Ceremony, the HOGs toured the facility and visited with Residents. AFRH-G Residents enjoyed the beautiful motorcycles and were honored to be recognized in this annual tour.

AFRH-G "Super Heroes"—The Ringling Bros. and Barnum & Bailey Circus came to town in July. On July 4th, during a special "Super Heroes" themed performance, AFRH veterans were introduced and recognized as "Super Heroes" for their service to our country. Wearing "Super Hero" capes, they enjoyed the circus from their front row seats.

In addition to acknowledging that our AFRH-G Residents are "Super Heroes", the Ringling Bros. and Barnum & Bailey Circus presented a unique homemade flag created by children from Keesler AFB and brought several circus performers to the Home, including the ringmaster, to meet / greet Residents and provide photo opportunities.



STRATEGIC GOALS / PERFORMANCE MEASURES

AFRH is committed, through its strategy and vision, to create an environment that fulfills the mission of the health and wellness philosophy of aging. Resident services and healthcare are designed to promote Aging-in-Place, and AFRH's day-to-day operations / physical plant have been carefully designed according to Person-centered Care (PCC) principles.

The Strategic Plan for FY 2013-2016 is based on our vision and mission to ensure the organization is a high performing, efficient, and caring Residential community. This AFRH Strategic Plan will guide us until we reexamine our direction when the next President takes office.

PERFORMANCE PROCESS AND MEASURES

AFRH performance measures assist in evaluating our ability to create and maintain an environment that fulfills the mission of the health and wellness philosophy of aging with services and care designed to promote Aging-in-Place. Our action plans shifted from an FY 2013 focus on infrastructure improvement projects to an FY 2014 focus of sustaining the Trust Fund and operating more efficiently. AFRH is committed to continuing our legacy of serving the nation's veterans with a premier retirement community.

AFRH has established performance metrics for assessing program performance against strategic goals and objectives. In this framework are 14 "key" performance metrics that demonstrate and monitor progress towards our strategic objectives. For each performance metric, management has established a performance target.

In FY 2014, AFRH met 79% of its performance metrics. Goal leaders, identified for each Strategic Goal, set measurements, collected data, established corrective actions where needed and assessed the performance results.

FY 2014 PERFORMANCE RESULTS

STRATEGIC GOAL 1: *EMBRACE RESIDENT-CENTERED CARE*

Each person will understand each Resident's individual needs and take realistic action to fulfill them within AFRH resources and capabilities.

Goal 1 Performance Measures

Annual Performance Metric: Accreditation

MET

Performance Target: Accreditation in Good Standing

Results: Commission on Accreditation of Rehabilitation Facilities (CARF) Accreditation Maintained / valid through FY 2016; The Joint Commission (TJC) Survey completed in September 2014; AFRH-G Accreditation awarded in October 2014; AFRH-W awarded in November 2014

In accordance with 24 U.S.C. 411 (2012), the AFRH COO is required to "secure and maintain accreditation by a nationally recognized civilian accrediting organization for each aspect of the Retirement Home, including medical and dental care, pharmacy,



Independent Living (IL), Assisted Living (AL), and nursing care.” There is no single civilian accrediting organization in existence which covers all of the AFRH levels of care and services so to meet this requirement AFRH utilizes two accreditation organizations.

Since 2008 AFRH has maintained CARF accreditation which accredits Independent Living (IL) and our current CARF accreditation is valid through 2016.

To supplement our current CARF accreditation and ensure accreditation for our ambulatory and nursing care, an AFRH FY 2014 priority for this strategic goal was to seek TJC accreditation for ambulatory and nursing care. Both AFRH-W and AFRH-G completed their TJC accreditation surveys in September 2014. AFRH-G received TJC accreditation in Ambulatory and Nursing Care in October 2014; AFRH-W received theirs in November 2014.

Annual Performance Metric: Percentage of Resident satisfaction MET

Performance Target: 70% of Residents rate AFRH programs and services as Excellent or Very Good during the annual Resident survey

Results: 91% of Residents rated AFRH services received as Excellent / Very Good in the FY 2014 survey

For FY 2014, AFRH consolidated multiple Resident service surveys into one annual survey which evaluated key service areas including recreation facilities / programs, customer service, housekeeping, healthcare, dining, facility maintenance, grounds, transportation, security, safety, community events and local military and Veterans Administration (VA) medical facilities. Residents had the opportunity to complete the survey either electronically or on paper with the assistance of our dedicated volunteers who entered paper surveys into the electronic system for timely, accurate results.

Over 55% of AFRH Residents completed the survey (559 of 1,015 Residents); a substantial increase in the percentage of Residents who completed the survey (43%) in FY 2013. The average satisfaction rating in all six customer-service areas exceeded our goal of 70%. Top rated recreation amenities included the Bike / Walking Trail, Community Center, Fitness Center and Library. Bus trips, recreational outings, fitness activities, movies and picnics were the top rated recreational activities. The lowest rated recreation amenities include those activities which don't appeal to all Residents including the AFRH-G amateur radio club, AFRH-W auto hobby shop and the AFRH-W fishing pond.

Annual Performance Metric: Percentage of Independent Living Resident Assessment Plans

NOT MET

Performance Target: 95% of Independent Living (IL) Residents offered Resident Assessments annually

Results: IL Resident Assessment Plans completed or offered to 63% of IL Residents

For IL Residents, AFRH completes an initial healthcare assessment upon admission to the Home, annually during the individual's birth month and when level of care changes occur. An AFRH Healthcare Assessment is a comprehensive assessment which includes, but is not limited to, medical history, physical examination, psychosocial assessment,



medication reconciliation, risk assessment in association with existing co-morbid conditions and lifestyle such as obesity, smoking, alcohol and drug abuse.

AFRH's goal is to offer IL Residents an annual health care assessment, however, recognizing their independent status and use of outside health care providers, IL Residents have the option to accept or decline. During FY 2014, AFRH did not meet this goal due to health care provider vacancies at both Campuses. To ensure AFRH successfully reaches this goal in FY 2015, we have identified the barriers, implemented a plan of action, set monthly milestones and established monthly reporting requirements.

STRATEGIC GOAL 2: MAINTAIN EXCEPTIONAL STEWARDSHIP

Pursue and implement innovative ways to deflect, reduce and manage costs by maximizing assets, resources and programs to fulfill needs and wishes of current / future Residents.

Goal 2 Performance Measures

Annual Performance Metric: Trust Fund Solvency	MET
Performance Target: Even balance of resources versus obligations	
Results: Revenues and Trust Fund balance adequate to support FY 2014 obligations / expenditures	
AFRH is primarily self-sufficient, operating from the AFRH Trust Fund and annual revenue streams for operations & maintenance as well as capital improvements. The FY 2014 budget authorization of \$67.8 million (\$66.8M Operations & Maintenance and \$1 million Capital Improvement) is supported by the AFRH Trust Fund, not from the U.S. Treasury General Fund. Expenditures above annual revenue are withdrawn from available Trust Fund balance.	
AFRH continues to identify and implement cost containment activities keeping operations efficient and ensuring accurate financial reporting. AFRH staff finds innovative ways to reduce costs while maintaining quality service and facilities for our Residents. A key way AFRH maintains exceptional stewardship is by leveraging our partnerships with the U.S. Treasury Bureau of Fiscal Services and Department of Agriculture National Finance Center. Working with these administrative shared service providers ensures segregation of duties, regular transaction auditing, improved efficiencies and measurement of key financial indicators.	
Because of an unanticipated reduction in our largest revenue stream—Fines & Forfeitures—a larger than expected Trust Fund balance withdrawal was required to support FY 2014 obligations and expenditures. To reverse this trend, AFRH continues to scrutinize spending, seek efficiencies, implement cost reductions to preserve resources and identify opportunities to increase revenue.	
Annual Performance Metric: Accuracy of Financial Reporting	MET
Performance Target: Unmodified Audit Opinion	



Results: FY 2014 Clean (Unmodified) Audit Opinion

AFRH received its 10th clean ('unmodified') audit opinion under the watchful direction of the CFO. Financial reporting is timely and accurate.

The independent accounting firm, Brown & Company CPAs, PLLC, expressed an Unmodified (clean) Audit Opinion on our comparative FY 2014 and FY 2013 Financial Statements, Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position and Statement of Budgetary Resources.

No material weaknesses or significant deficiencies were found. This opinion is a testament to effective fiscal management at AFRH.

Annual Performance Metric: Environmental Initiatives

MET

Performance Target: Annual goals met

Results: Completed milestones towards meeting FY 2015, FY 2017 and FY 2020 Energy and Water Requirements

In compliance with Executive Order 13423 "Strengthening Federal Environmental, Energy, and Transportation Management" (January 2007) and Executive Order 13514 "Federal Leadership in Environmental, Energy, and Economic Performance" (October 2009), AFRH initiated environmental reporting in 2012 creating performance goals to emphasize the importance of environmental factors in efficient operations.

AFRH environmental cost drivers include certain operational activities, improvement projects for equipment upgrades, assessments, taxes and fees required for environmental safety and regulatory levies on properties and operations. In addition to the Executive Order requirements, maintaining proper environmental conditions for seniors is critical for our CARF and TJC accreditations.

Per federal requirements and guidance, AFRH tracks, reports and reduces energy consumption, water use and waste generation along with developing inventories of Greenhouse Gas (GHG) emissions every year. AFRH established a reduction target for FY 2020 from our FY 2008 baseline and submitted the required updated Strategic Sustainability Performance Plan (SSPP) on time.

The SSPP outlines AFRH policies, programs and mitigation strategies to meet our environmental targets. Key sustainability focus areas for FY 2014 included:

- improving and streamlining data collection;
- improving waste data tracking (generation and diversion);
- conducting an employee commuting survey;
- collecting sustainable contracts and procurement data;
- sub-metering and analyzing individual buildings data;
- promoting recycling and reducing waste;
- evaluating annual progress and revisiting goals; and,
- developing Notice of Opportunity packages of Energy Saving Procurement Contracts (ESPC).



Environmental Goals and Results

Energy: In FY 2013, AFRH experienced a temporary spike in energy consumption as a result of construction to replace the old AFRH-W Scott building. In FY 2014, with the completion of the energy efficient new Scott building, AFRH resumed its downward energy consumption trend. AFRH has selected an Energy Savings Performance Contract (ESPC) to assess areas for further energy initiatives in response to the President's Performance Contracting Challenge.

Fleet: AFRH operates a fleet of less than 20 vehicles, and therefore, is exempt from federal petroleum reduction and alternative fuel requirements; however, AFRH evaluated fleet usage to identify energy efficient opportunities and has reduced its fleet by 20% since the 2008 baseline.

GHG Emissions: Energy is the primary source of AFRH's GHG emissions; more energy efficient operations are assisting AFRH in meeting this reduction goal. In FY 2013, AFRH conducted assessments of the AFRH-W Scott Building and the AFRH-G facility determining both buildings currently meet over 50% of the *Guiding Principles for Leadership in High Performance & Sustainable Buildings* with improvements underway to meet an additional 20-25% by the end of FY 2015.

Waste: AFRH has taken numerous steps to increase recycling. The AFRH-W one-line recycling contract which requires the contractor to separate recyclables has significantly increased diversion of waste.

Water: Water use intensity has been reduced by 50% since the FY 2007 baseline was established. This reduction has been accomplished through water conservation measures, leak detection / repair and reduced landscaping water use.

Annual Performance Metric: Trust Fund Growth

NOT MET

Performance Target: Positive result of Washington, DC Master Plan

Results: No growth has occurred since FY 2010

As predicted, the Trust Fund balance diminished significantly while supporting the AFRH-W Scott Building. However, with the unexpected decline in our largest revenue source (Fines & Forfeitures) the Trust Fund balance is lower than forecasted in our AFRH Long Range Financial Plan.

The most viable way to generate Trust Fund revenue is through a multi-tier approach which includes raising Resident Fees, increasing the Active Duty Monthly Withholding, and implementing the Washington Master Plan. Resident Fees and Active Duty Withholding will provide immediate income while revenue from the Washington Master Plan will not be generated for several years.

AFRH, working closely with our DoD Leadership, will implement a reasonable and equitable Resident Fee increase on July 1, 2015 which will provide an additional \$300K in revenue for FY 2015 and approximately \$1.4 in FY 2016 and out years. In addition, DoD has concurred with increasing the monthly Active Duty withholding from 50 cents to \$1



which provide an additional \$1.7M in FY 2015 and approximately \$6.8M in FY 2016 and out years. These two additional revenue sources will provide additional revenue to support annual expenditure outlays and provide adequate time for the AFRH-W Master Plan to be fully implemented. Once the AFRH-W Master Plan is implemented and the property developed, AFRH will receive additional income to begin building the Trust Fund balance. AFRH is closely monitor the Trust Fund revenue and is updating the AFRH Long Range Financial Plan to update our projections with these revenue changes.

Annual Performance Metric: Cost avoidance **MET**
Performance Target: One (1) cost avoidance project implemented per year

Results: Closing of the AFRH-W Power Plant resulted in significant cost avoidance

Each year AFRH identifies and implements one cost avoidance initiative. For FY 2014, AFRH closed the AFRH-W steam generating Power Plant. The AFRH-W Power Plant has been continuously generating heat and hot water for over 100 years. Modern energy efficient alternatives and the substantial reduction in the AFRH-W footprint necessitated the closing of the Power Plant.

The closure provided savings in personnel, infrastructure maintenance / repairs and regulatory compliance resulting in a significant cost reduction in AFRH-W utility costs.

STRATEGIC GOAL 3: PROMOTE STAFF-CENTERED ENVIRONMENT

Expand staff knowledge that directly impacts the accountability and efficiency of the Agency, which will in turn empower all employees to be proactive.

Goal 3 Performance Measures

Annual Performance Metric: Evidence of measurable training goals **MET**

Performance Target: 80% staff participation in four (4) mandatory training classes

Results: 98% of staff participation in at least four (4) mandatory training classes

As part of the staff-centered focus, AFRH has increased its employee training opportunities and placed more emphasis on mandatory training requirements to assist employees in meeting our mission / vision. With management's recognition of the importance of increasing efficiencies in operations and maintaining accreditation, training classes have been designated as mandatory to ensure AFRH staff have the background and knowledge to contribute to AFRH's goals in a meaningful way.

FY 2014 mandatory classes (depending on responsibilities) included: Ethics, HIPAA, Safety, IT Security Awareness, Equal Employment Opportunity Act, No Fear Act, Workers' Compensation, Performance Management / Person-centered Care, Resident Rights, Suicide Prevention and Contract Officer Representative (COR). In FY 2015, AFRH will be including web-based training opportunities for select mandatory classes.



Annual Performance Metric: Percentage of Employee Viewpoint

Survey responses of "Excellent" or "Very Good"

NOT MET

Performance Target: 70% Employee Climate Survey responses of "Excellent" or "Very Good"

Results: Not met due to low employee response

Each year AFRH staff participates in the annual Federal Employee Viewpoint Survey to assess AFRH employee satisfaction. This survey provides AFRH management with valuable information identifying areas for improvement. This year's employee response, 45% of total workforce, was disappointing. The low employee response is attributed to the timing of the survey which occurred during a peak operational period, TJC accreditation survey preparation.

In FY 2015, more emphasis will be placed on the importance of the survey to assist in increasing employee response. Despite low employee response, AFRH has carefully analyzed the results and identified several areas for improvement. The Chief Human Capital Officer (CHCO) has developed a plan of action and milestones to make corrective steps in areas identified for improvement.

In addition to the annual OPM Employee Viewpoint Survey, AFRH annually administers DoD's Defense Equal Opportunity Management Institute (DEOMI) survey. This survey is an additional tool to help managers assess factors that can boost employee effectiveness and pinpoint key issues through employee comments. The DEOMI results prompted AFRH managers to engage in team building at the Agency and Campus level as a corrective action to some organizational issues raised by staff members in the FY 2014 DEOMI Survey. Using 360 surveys and team workshops, managers benefited from the expanded communication the team building activities provided.

Annual Performance Metric: Measureable evidence of growth beyond work activities

MET

Performance Target: Seek and implement employee recommendations

Results: Four (4) employee recommendations implemented in FY 2014

In FY 2014 an Employee Committee from both Campuses present potential employee initiatives in education and training, wellness activities, communications and staff specific dining options. During 2014, AFRH established a quarterly employee newsletter, AFRH Staff Times, to assist in keeping employees up to date on AFRH, OPM and work-life issues.

At the request of employees, AFRH added a "soup and salad" dining option. This initiative reduced meal costs, offered healthier choices and provided the ability for employees to dine outside the Resident Dining Hall. This initiative has been successfully implemented at both Campuses.

To promote wellness, for the second year in a row the entire workforce participated in a walking competition to see which Campus would be the first to log the distance between Gulfport and Washington--more than 1,000 miles. Facility staff, contractors, and Agency



personnel reported their personal mileage throughout June. AFRH-W won for the second consecutive year. With the establishment of lunchtime walking groups, this competition improved communications, health, and camaraderie.

Annual Performance Metric: Achievable Person-centered Care MET

Performance Target: Implement two (2) PCC initiatives per year

Results: Two (2) successful initiatives completed

For several years, AFRH has been moving towards Person-centered Care. Person-centered Care is defined as the careful manner in which Resident needs are considered while developing responsive plans of care and delivering meaningful services within budget constraints. In FY 2014, AFRH PCC initiatives included improving AFRH environments for both Residents and staff validating our high standards of care through adhering to TJC accreditation standards. AFRH continued to improve on the delivery of Residents services and to validate services provided were meeting the expectations and needs of our Residents. Because of AFRH's multiple levels of care (Independent Living, Independent Living Plus, Assisted Living, Long Term Care and Memory Support), meeting the needs of our varied population is no small feat.

Both Campuses initiated beautification projects for their outdoor spaces. AFRH-G made significant improvements by planting trees, gardens, flower boxes and wildflowers. Both employees and Residents benefit from the more home-like environment. AFRH-W Residents and staff have been working on their Landscape Master Plan to improve walking trails, provide historic markers and identify species of trees. AFRH-W volunteers planted more than 20 Japanese cherry trees—a symbol of our nation's capital—donated by Macy's to line the main road into the facility. The historic quadrangle is filled with year-round blooming flowers, grass and bushes.

Being accredited both by CARF and TJC has been the goal for many years. To achieve both accreditation is a prized accomplishment that demonstrates the commitment by staff to providing the highest levels of care for AFRH Residents. The results of the September 2014 TJC accreditation surveys validated AFRH's ability to meet the high standards for ambulatory and nursing care.

STRATEGIC GOAL 4: LEVERAGE EXTERNAL STAKEHOLDERS

Harness, cultivate and focus our external stakeholders to become increasingly active participants who are engaged in AFRH operations in each of the next five years.

Goal 4 Performance Measures

Annual Performance Metric: Trust Fund Contributions MET

Performance Target: Increase in contributions received

Results: Contributions Increased

This performance target was new for FY 2014 in recognition of our need to increase revenue to support outlays. AFRH is improving our marketing to ensure veterans and potential contributors are aware of AFRH and its services. AFRH is using Facebook,



retired military publications and veteran organizations to enhance our marketing efforts. Gifts to the AFRH Trust Fund are tax-exempt and used for the direct support of our Residents through medical care, physical therapy, recreation, fitness and daytrips.

Annual Performance Metric: Annual Community Events **MET**
Performance Target: Two (2) community events held at each Campus

Results: > Two (2) community events held at each Campus

AFRH created its annual community events requirement as a primary outreach to external stakeholders, and each facility tailors community events to the local community drawing supporters, families and friends to celebrate special events, military recognitions, and fun-filled activities.

AFRH-G COMMUNITY EVENTS INCLUDED:

- *Annual Veterans Day Open House & Community Day:* Veterans, active duty and the community joined AFRH-G to commemorate Veterans Day.
- *Annual Mardi Gras Celebration:* The King and Queen of AFRH-G are crowned and we hold a traditional parade.
- *May Garden Day and Open House:* Residents shared their new gardening and landscape upgrades with neighbors.
- *Celebration of the new putting green and swings:* These amenities were generously donated by Taco Bell.

AFRH-W COMMUNITY EVENTS INCLUDED:

- *Black History Month:* President Lincoln's Cottage hosted descendants of Solomon Northrup, author of *12 Years a Slave*, as part of this annual event.
- *4th of July Community Event:* AFRH-W's 4th of July celebration draws active duty military & their families to enjoy the national fireworks with our Residents.
- *Annual Holiday Tree Lighting and Dance:* Friends of the Soldiers' Home (FOSH) singers entertained AFRH-W Residents at the tree lighting and Holiday Dance co-sponsored by AFRH, Lincoln Cottage and the local community.
- *Memorial Day:* Active-duty members from the USS Abraham Lincoln, joined our Residents to lay a wreath at the Soldiers' Home National Cemetery.



CAMPUSES

The original notion of an 'asylum' to care for America's former military veterans has evolved to two state of the art Continuing Care Retirement Centers (CCRC) facilities. The Home has changed from working farms and light-duty workshops to golf courses, swimming pools, community gardens, and scenic walking trails. Large institutions facilities have been replaced with intimate domiciles and open communities who welcome partnerships with the local communities.

AFRH has two locations, one in Gulfport, MS (AFRH-G) and one in Washington, DC (AFRH-W). Both AFRH facilities are comfortable and accessible homes for today's retired veterans. Each community has its own character reflecting the input of its Residents. Both Homes have modern facilities, top-notch amenities, recreational services and a small house concept in upper levels of care. The small house concept in upper levels of care contributes to AFRH's person-centered vision by meeting individual Resident needs in a home-like setting.

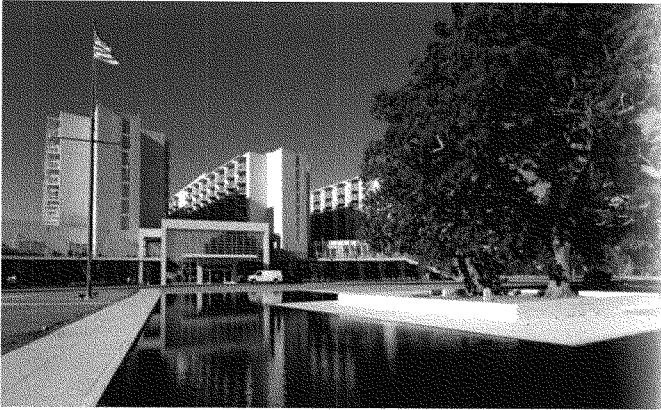


GULFPORT, MS

The AFRH-G facility is located on approximately 40 acres of waterfront land on the Mississippi Sound. The resort towns of Gulfport and Biloxi as well as Keesler Air Force Base and other government facilities are in close proximity. The Gulfport community has been home to former enlisted, limited duty and warrant officer service members since 1976 when the Naval Home relocated to Gulfport from Philadelphia, PA, where it was established in 1834 as the first permanent military retirement asylum.

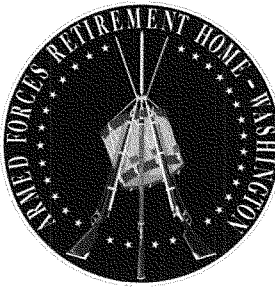
A new energy-efficient and modern facility opened in 2010 after the original building was severely damaged by Hurricane Katrina in 2005. The new building was designed to withstand Category 5 hurricane-force winds and was tested in August 2012 during Hurricane Isaac with damage being limited to some outside window awnings.

The new building features a multi-tower complex with all five levels of care under one roof. Full amenities include dining, social, recreational and therapeutic activities. AFRH-G Campus amenities include a swimming pool, hobby shops, a wellness center with general practice medicine and basic dental and eye care, a bank, a barber / beauty shop, a putting green, bowling areas, a community room / movie theater, a computer room, a library and a private walkway to the beach.



The AFRH-G Residents are energetic and have put their stamp on the home with military memorabilia and beautification projects. They enjoy close relationships with military, government, civilian and business associates in the area.

During 2014, AFRH-G Residents completed several key landscaping improvements on the property. Gardeners and plant enthusiasts heartily engaged in planting new trees, wild flowers, flowerbeds and adding flower boxes. As in past years, the Residents' vegetable gardens flourished.



WASHINGTON, DC

The AFRH-W is located atop a hill on 272 acres in the heart of our nation's capital. The AFRH-W Campus has been home to thousands of former enlisted, warrant officer and limited duty officer service members since 1851. AFRH-W has many historic buildings including President Lincoln's Cottage, the Sherman Building (which served as one of the original dormitories), former military leaders' quarters, and the stately Grant Building. In the 19th century Residents wandered through cow pastures; today, those same fields are now our golf course. Residents have a breathtaking view of the U.S. Capitol and the Washington Monument from the Scott Building.

The AFRH-W has full amenities including an indoor swimming pool, hobby shops, a wellness center with medical care, a credit union, barber / beauty shop, a bowling center, a community room / movie theater, computer rooms, a library, and a 9-hole golf course / driving range.

AFRH-W Residents are active in ensuring the Washington facility reflects their heritage and personality. They have contributed their military memorabilia, and their artistic creations fill the



halls of several buildings with paintings depicting military events and campaigns created by Residents.

In 2014, several major landscaping projects were completed including newly planted trees, shrubs and flowers which blossomed into a comfortable and inviting space for Residents to enjoy. During nice weather, Residents gather on a quadrant and outdoor recreation areas. This newly established historic quadrangle is also used for many public events and celebrations.



The Residents Landscape Committee designed a backyard recreation area to provide additional outdoor space for the Residents complete with a bocce court, shuffleboard, a basketball hoop, a horseshoe pit, a barbecue grill and

picnic tables. This area was completed in time for the Residents to enjoy during the fall and is a popular area for Residents and their guests.

The "Lady Sheridan" Residents, working with the AFRH-W Recreation staff, have also been busy creating a more home-like entrance to the Sheridan Building. These Residents established and maintain a new flower area in the main lobby creating an inviting entrance for our Residents and their guests.



STRATEGIC PLANNING

In addition to its Strategic Plan for FY 2013-2016, AFRH has several plans that form the foundations for moving forward:

- Capital Improvement Plan,
- AFRH-W Master Plan,
- Long Range Financial Plan,
- Campus Landscape Plans,
- Information Technology (IT) Strategic Plan, and
- Strategic Human Capital Plan.

CAPITAL IMPROVEMENT PLAN

AFRH maintains a Capital Improvement Plan (CIP) for current and future capital improvements requirements for both facilities. The CIP outlines improvement and sustainability projects required in out years. The Plan include capital improvement projects based on the AFRH Strategic Plan with implementation timelines and financial funding requirements. The Plans account for military monuments, existing / future capital improvement projects and provide a review with recommendations for AFRH energy efficiencies based on Executive Orders 13423 and 13415. Integral to developing the AFRH-W CIP are consultation services on historic preservation planning, local and federal design review, NHPA Section 106 and Section 110 compliance, and Cultural Resources Management are required.

Since both AFRH communities have different capital improvement needs, each Campus has Individual Plans which are linked to the Agency's singular Mission, Vision and Guiding Principles. Since the Gulfport campus is relatively new, the majority of capital projects currently included in the CIP are for the AFRH-W Campus.

2014 CIP Highlights

In 2014, AFRH focused on working with the General Services Administration (GSA) to release a Request for Proposal (RFP) for the development of 77+ acres of underutilized AFRH-W land. The Master Plan for this development was approved in 2008 but was placed on hold due to a downturn in the DC real estate market. AFRH hosted an Open House in October 2014 for interested developers which was well attended. AFRH is working on the required supplemental Environmental Impact Study.

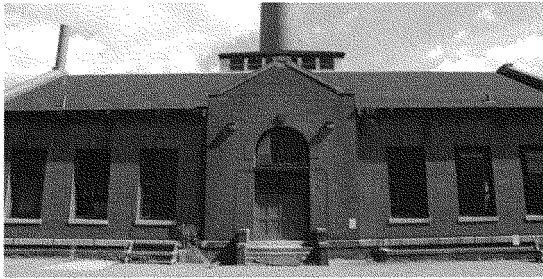
AFRH is also working with the Department of Energy's Federal Energy Savings Performance Contract (ESPC) program and has selected an ESPC contractor to assess areas for further energy initiatives in response to the President's Performance Contracting Challenge. AFRH, working with the ESPC contractor, has identified several areas for potential energy saving opportunities and believe this program will assist AFRH in further reducing our utility costs particularly in our AFRH-W Sheridan Building.

In October 2013, the AFRH-W Power Plant was closed. Since 1907, the AFRH Power Plant has supplied heat and electricity to AFRH-W. AFRH-W installed a new power generation system and



closed this aging relic. The old heating system relied on an aging, fragile infrastructure, was inefficient, resulted in high annual heating costs, required extensive and costly maintenance and lacked a system redundancy—an operational safety risk. Additional cost drivers included: assessments, and fees specifically required for environmental safety and regulatory levies on properties and operations. Today, maintaining proper environmental conditions for seniors is critical for earning the CARF and TJC accreditations. AFRH has gained approval to include the closed Power Plant and surrounding buildings in the AFRH-W Master Plan. Including the Power Plant in the solicitation will further reduce the cost of maintaining this historical building and increase the revenue from the lease.

Installing a distributed boiler system improved fuel combustion efficiency, reduced system failure, lowered overall natural gas consumption, and provided redundancy. AFRH's new boiler system also reduces energy consumption and GHG emissions while meeting new targets under Executive Orders 13423 and 13514.



AFRH-Washington, DC Power Plant 2013

2015 CIP Planned

Top priorities for FY 2015 include safety, security and accreditation improvements. AFRH-W's high priority projects include water infrastructure (critical repairs for 70-90 year old pipes), roads and sidewalk repairs, keyless entry system, and projects associated with the Master Plan development of the 77+ acres. AFRH-G priority projects include an upgrade to our Nurse Call System.

As authorized by the National Defense Authorization Act of FY 2002 (as modified in Public Law 111-084), AFRH, working with our DoD leadership and the U.S. Army Corps of Engineers (USACE), will lease part of the AFRH-W Sherman Building to a DC charter school. The school completed designs for remodeling in FY 2014, will commence renovations once the lease is signed, and open for the 2015-2016 school year providing additional Trust Fund revenue, reducing operations and maintenance costs and providing volunteer opportunities for our Residents.

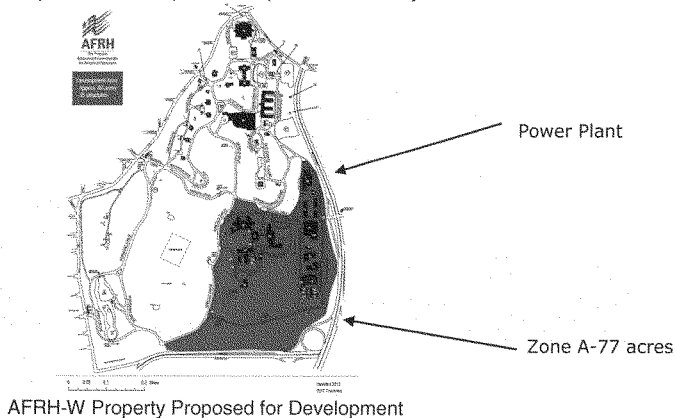


AFRH-W MASTER PLAN

In 2008, AFRH identified 77+ acres in "Zone A" which were underutilized and could potentially be leased to produce additional revenue for the Trust Fund. AFRH launched its real estate development plan and developed the AFRH-W Master Plan which outlined possible development opportunities for the land. The Master Plan was approved by the National Capital Planning Commission in 2008 clearing the way for AFRH to solicit proposals.

To prepare for the leasing of Zone A, AFRH focused on infrastructure improvements, mothballed facilities within the 77-acre development zone and closed buildings that no longer served Resident needs. Due to a momentous slump in the local real estate market and financial difficulties with the original contractor, the lease of Zone A was placed on hold.

During FY 2014 AFRH studied the possibilities of reinvigorating the lease of the 77 acres on the southeast end of our AFRH-W Campus and adding the closed Power Plant /surrounding buildings. By including the mothballed Power Plant property in the acreage for the lease, the property for lease is now 77+ acres and ready for development. AFRH in conjunction with General Services Administration (GSA) is using the original Master Plan which was previously approved by the National Capital Planning Commission. Due to the amount of time between the issuance of the Record of Decision (RoD) document for the regulatory required NEPA Environmental Impact Study for this area, AFRH is required to perform a supplemental EIS. Our capital improvement budget provides the funding needed to capture any environmental changes and any additional required mitigations since our original RoD. A very successful Industry Day in October 2014 drew over 75 real estate developers to hear a briefing from GSA on the plans for the 77+ acres. Questions were fielded in anticipation of releasing the solicitation for development bids in the second quarter of FY 2015. AFRH will only move forward with leasing if we can secure a fair market price. AFRH hopes to complete the lease by the end of FY 2017.





LONG RANGE FINANCIAL PLAN (LRFP)

The AFRH LRFP tracks changing economic forecasts to ensure Trust Fund solvency. The multiyear fiscal improvement plan outlines the long-range strategy for the future use of AFRH facilities and cost reducing initiatives. The strategy enables AFRH to establish and maintain a concerted and directed development and improvement effort. Updates are completed as needed to reflect revenue trends, expenditure priorities and better forecast Trust Fund balances.

AFRH prepares a Long Range Financial Plan to forecast Trust Fund solvency, to identify financial and operational risks, and to test risk mitigation strategies. A key part of the Long Range Financial Plan is the risk analysis that tests the financial impact of changes in the sources of funding and costs of operations. The primary sources of funding operations are:

- Fines & Forfeitures, a disciplinary penalty collected from active duty enlisted personnel;
- Monthly withheld payment from enlisted personnel designated for supporting AFRH (currently fifty cents per month);
- Interest earned on the Trust Fund;
- Monthly fees paid by AFRH Residents for room, meals, recreation and healthcare; and,
- Gifts & Estates

The FY 2015 LRFP update will focus on recent changes in our annual revenues and Trust Fund Solvency. Updates to our revenue projects will include the unanticipated drop in our largest revenue source, Fines & Forfeitures; inclusion of revenue from the lease of underutilized buildings, and revision of projected revenue and timeframe for the lease of AFRH's 77+ acres.

The primary sources of costs are campus operations that maintain buildings and grounds, Resident services that provide Resident food and recreation, and healthcare for wellness services to independent living and nursing and medical services to upper levels of care. Healthcare continues to be AFRH's largest cost driver, and AFRH will continue to seek efficiencies in this area while ensuring the health and safety of Residents.

In the last ten years, AFRH has been challenged with the consequences of two major disasters--Hurricane Katrina and the Washington earthquake, and with two major construction projects (the new Gulfport facility and the new Scott Building). While managing these projects, AFRH reduced operating costs substantially and increased the quality of Resident services including healthcare. Unfortunately, the cost reduction efforts have not been enough to offset the unexpected reduction in revenue. These extraordinary funding reductions now raise the possibility of Trust Fund insolvency.

Fines & Forfeitures, AFRH's largest source of revenue, have exhibited some variation from year to year but in the last five years, Fines & Forfeitures have fallen significantly—24%. The reasons for this reduction are unknown so AFRH does not have a basis for predicting either a return to previous levels or continued declines in this important source of funding. To ensure Fine & Forfeiture are being properly transferred from DoD and assist in better predicting our out year revenue, AFRH, working with our DoD leadership, has requested an audit of DoD collections versus the amount transferred to AFRH. Based on the results of this audit, AFRH will be able to better build this uncertainty into the risk analysis for the Long Range Financial Plan by using risk scenarios that consider further changes in Fines & Forfeitures. The unanticipated revenue



shortfall from Fines and Forfeitures has reduced the size of the Trust Fund investment portfolio. The smaller Trust Fund balance and the Federal Reserve's policy of low interest rates have reduced investment interest earned on the Trust Fund investments.

To assist in bolstering revenue to support annual outlays, AFRH, working with our DoD Leadership, to increase the active-duty withholding from 50 cents to \$1 / month and implement an equitable Resident Fee increase. While leasing underutilized property will provide substantial additional revenue, the new funding is unlikely to provide substantial revenue until after 2019.

AFRH remains committed to providing the veteran Residents with a superior and affordable opportunity. Reduced revenue presents challenges, and the sale or lease of underutilized land may not be sufficient to make up for lost revenue and rebuild the Trust Fund.

CAMPUS MASTER LANDSCAPE PLANS (MLP)

The AFRH MLPs provide a comprehensive landscape program for specific projects and guidelines to improve our Campuses, encourage Resident use of the grounds and create a welcoming and safe environment. Each Campus has a Resident Advisory Committee (RAC) Landscaping Sub-committee who garners Resident input and prioritizes projects. Through the RAC Landscaping Sub-committee multiple projects were completed at both Campuses in FY 2014 and additional projects are planned for FY 2015.

In Gulfport the Residents have taken an avid interest in the landscaping of their beachfront home. They have enhanced the front entrance with flowers / trees and developed wildflower meadows on the grounds to add color throughout the spring and summer. During 2014, many gardeners planted vegetable, plants and flowers and shared their gardening tips with the Community during a Spring Open House.

The AFRH-W plan celebrates the history and military heritage of the property nestled in the heart of Washington, DC and home of the President Lincoln's Cottage. A key component to the AFRH-W Landscape Plan is the involvement of the surrounding community. Macy's donated cherry trees which were planted by volunteers along the road in front of the historic quarters. AFRH-W other large project is the historical walking paths.

At the heart of this vision is the philosophy that a therapeutic landscape can be a powerful component of the Aging-in-Place concept and to ensure Residents can utilize one of our most valuable resources—our expansive, open Campuses which are secure to allow for safe usage by our aging population.



INFORMATION TECHNOLOGY (IT) STRATEGIC PLAN

The IT Strategic Plan identifies future IT improvements and potential areas for cost avoidance while enhancing current operations.

FY 2014 IT Highlights

Cloud Computing Solution with SharePoint and Microsoft 365—During FY 2014, AFRH successfully completed its migration from Lotus Notes email to Microsoft Outlook, which was part of the cloud based Office 365 solution deployed agency-wide. Mobile devices were also included in this migration.

Electronic Health Record System (EHRS)—In FY 2013, AFRH began the move from a paper-based Resident health care record to an EHRS to ensure up-to-date healthcare information is available. In FY 2014, AFRH expanded the use of the system to include Resident financial data to improve our Resident billing process, implemented use of the AFRH Resident record and enhanced the functionality and reporting ability of the cloud-based Electronic Medical Record (EMR) system. AFRH IT facilitated training for the DrCloud system which allowed numerous staff members at both Campuses to participate in training on the overall functionality of the system. This training established a base of Super Users who are now able to assist other end-users with training and support issues.

Senior TV—In FY 2013 AFRH began offering Residents at both Campuses the option to purchase their internet and cable services through AFRH. This service has been provided to hundreds of Residents while retaining the Residents' ability to individually purchase internet and cable TV privately. By leveraging the buying power of a large number of subscribers, AFRH contracted with the provider saving Residents money as well as eliminating long-term commitment / contract for services. After only one year, the number of Residents utilizing this service has increased and Senior TV is fully funded by Resident charges.

IT Upgrades—Video conferencing was implemented and is used to support various functions (weekly staff meetings, Advisory Council meetings, training, etc.). AFRH also completed deployment of an unsecured Wi-Fi service in the administration areas in the Scott building at AFRH-W. AFRH-W replaced 100 desktop computers and upgraded over 90% of the staff to the Windows 7 operating system providing additional security for data protection.

Our main goal for FY 2014 was to ensure that a secured environment existed for Resident and employee data. AFRH also moved the Internet Service Protocol (ISP) to a more secured environment by migrating to the Department of Interior's "Managed Telecommunications Internet Protocol Service (MTIPs)". This move has ensured AFRH is compliant with the mandate that all federal agencies operate within a MTIPs environment, which allows for agencies to implement a more robust cyber security program as prescribed by the Department of Homeland Security and the Federal Information Security Management Act (FISMA).



STRATEGIC HUMAN CAPITAL PLAN

The AFRH Strategic Human Capital Plan (SHCP) was finalized in FY 2010 identifying strategies to address key performance workforce challenges. The SHCP strategies link to the AFRH Strategic Goals which are vital in achieving our mission. Since the vast majority of our staff work in health care services, our recent change to Person-centered Care was a tremendous success because of their dedication and flexibility. The SHCP has five goals:

- Foster mission-focused human capital planning;
- Cultivate a leadership culture that fosters excellence and mission achievement;
- Ensure a culture of Person-centered Care excellence;
- Recruit, develop and retain a capable workforce committed to caring for Residents; and,
- Promote Human Capital Accountability.

Throughout FY 2014 AFRH, under the guidance of the Chief Human Capital Officer (CHCO), strengthened the link between the AFRH Strategic Plan and annual staff performance appraisals. Starting in late FY 2013, AFRH rolled out a multi-step approach for assignment and oversight of employee work standards, reporting results based on standards and evaluating individual performance.

Specific process improvements included recurring, timely employee performance evaluation / counseling, improving workflow processes, rating cycle realignment, limiting the number of Individual Performance Plan (IPP) critical elements, and linking IPP critical elements to AFRH Strategic Goals.

Throughout the year, Strategic Goal Leaders prepared detailed, measurable IPP critical elements to standard performance measures specific to employee responsibilities. This fresh approach provides a better understanding of how an employee's individual responsibilities impact the Agency's ability to meet its Performance Metrics. Throughout FY 2015 Goal Leaders and AFRH managers will be evaluating the effectiveness of reaching performance goals.

FY 2014 Human Capital Highlights

- Quarterly employee breakfasts;
- Employee town halls with Administrators and the COO;
- Employee of the Quarter and Year awards;
- Quarterly newsletter;
- Federal service, retirement and new employee recognition;
- Additional dining options; and
- Combined Resident / staff activities.

As a part of the FY 2016 budget, each agency must work on improving the results for Office of Personnel Management's (OPM) Federal Employee Viewpoint Survey. AFRH's survey participation and scores declined in FY 2014 yet remain above the Federal average in each area. AFRH will work towards increasing employee survey responses and identifying strategies for improvement areas.



ACCREDITATION AND OVERSIGHT

The National Defense Authorization Act of FY 2009 prescribed mandatory accreditation by a nationally recognized civilian entity for each AFRH level of care (including medical and dental care, pharmacy, Independent Living, Assisted Living, and nursing care). The AFRH currently maintains Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation and The Joint Commission (TJC) Gold Seal of Approval as well as other reviews / audits.

CARF Accreditation: Valid through 2016, CARF is one of the national accrediting bodies for Continuing Care Retirement Communities (CCRC). CARF helps ensure that retirement homes fulfill their promise of quality residential care to seniors. AFRH has been accredited since 2008 and performed their last inspection in 2011. Although there were no findings, written recommendations emphasized Person-centered Care (PCC), safety, breaking down silos, and more definitive guidelines for Resident transitions. CARF recommendations are reviewed and Quality Improvement Plans (QIP) developed.

The Joint Commission (TJC) Accreditation: Seeking accreditation for AFRH's additional levels of care (Assisted Living, Memory Support and Long Term Care), AFRH engaged with The Joint Commission (TJC) to complete a survey at both Campuses in 2014 for ambulatory and nursing care. TJC is a nonprofit tax-exempt 501 organization that accredits more than 20,500 healthcare organizations and programs in the United States. TJC's Gold Seal of Approval communicates that an organization continually improves the safety and quality of care and provides good risk management in delivery of services.

During September 2014, both AFRH facilities were surveyed by TJC and found to be compliant with TJC standards. AFRH-G received its accreditation in October 2014, and AFRH-W received its accreditation in November 2014, meeting one of our major performance metrics.

DOD IG Inspection: The DoD IG assesses the Agency tri-annually with the last inspection occurring in 2012. AFRH received the 2012 DoD IG draft report in 2014 and has been working to complete recommendations. The next DoD IG assessment will occur in FY 2015.

Annual Financial Audit: For FY 2014, AFRH received its 10th consecutive Unmodified (previously referred to as unqualified) opinion by an independent audit per Generally Accepted Accounting Practices (GAAP). No material weaknesses were found. This opinion is a testament to effective fiscal management at AFRH. To support our audit, AFRH partners with our shared service providers, U.S. Treasury Bureau of the Fiscal Service (BFS) and Department of Agriculture National Finance Center (NFC). Through Interagency Agreements, BFS provides AFRH financial management activities and NFC provides payroll services which interface with our Oracle financial system.

Additional Oversight / Reviews:

DOD Personnel & Readiness (P&R): In FY 2013, DoD P&R conducted oversight activities of AFRH operations to supplement the nationally accredited retirement living inspections. Their recommendations were reviewed, and action plans created and implemented; AFRH regularly reports progress on recommended improvements.



OPM: AFRH is inspected by OPM for its Human Capital Goals and progress every three to five years. The last OPM inspection was in FY 2013 with no significant findings.

AFRH Advisory Council: The AFRH Advisory Council, with outside experts from the active / retired military community, other Federal Agencies including P&R and Defense Health Agency (DHA), military Senior Enlisted Advisors, and Resident representatives from both Campus, works collaboratively with AFRH management and our DoD leadership to provide guidance, make recommendations and assess service areas. These outside experts are selected for their expertise in military life, veteran affairs and healthcare.

The Advisory Council meets twice a year where AFRH Management and Council Members share knowledge about goals / objectives achieved, results of accreditations / reviews and Agency challenges. The Advisory Council publishes an annual assessment with observations and recommendations. In FY 2014 the Advisory Council provided positive comments and recommendations in its FY 2013 Annual Report which is posted on the AFRH website.



CURRENT CHALLENGES

In FY 2015, AFRH will face several challenges as we uphold the promise made two centuries ago to provide care for our aging and infirm retired military personnel. The care we provide today demonstrates to today's soldiers—and tomorrow's veterans—that their service and sacrifices won't be forgotten. AFRH Chief Operating Officer (COO) and managers identified the following FY 2015 Challenges:

- Trust Fund Solvency and identification of additional revenue sources;
- Maintaining our current accreditations and seeking accreditation for our Independent Living Plus Level of Care;
- Establishing and maintaining optimal technology;
- Advancing our Person-centered Care initiatives; and,
- Focusing on retaining staff and improving job satisfaction.

In addition to the challenges identified by AFRH managers, the AFRH IG annually identifies and presents to the COO a list of challenges. In FY 2014, the AFRH IG continued accountability audits at both AFRH communities, held one-on-one meetings with Residents / staff and completed active walkthroughs at both Homes to manage / investigate concerns or perception of fraud, waste, abuse or mismanagement.

AFRH IG challenges and recommendations for FY 2015 are:

MANAGEMENT CHALLENGES	RECOMMENDED ACTIONS
Financial --Ensure Trust Fund solvency and work within mandated budget reductions	-- Maintain cost containment activities implemented in previous years
	-- Implement Internal Controls and recommendations from audit inspections and accreditation
	-- Work with DoD to develop alternative strategies and gain approval for increasing revenue streams
	-- Implement the AFRH-W Master Plan
Accreditation --Maintain CARF and secure Joint Commission accreditation	-- Adhere to reporting requirements. Implement and maintain any recommendations from CARF Quality Improvement Plans
	-- Implement recommendations from The Joint Commission accreditation survey
	-- Secure the Home Healthcare accreditation in 2015
Information Technology --Establish and maintain an optimal technology operating environment within budget constraints	-- Implement EHRS billing module and continue improving EHRS for better, more accurate Resident record management
	-- Deploy knowledge management through SharePoint and provide staff training
	-- Improve productivity in using new IT with new processes versus old equipment and its processes
	-- Show results of IT strategic objectives
Person-centered Care (PCC) --Continue progress in PCC operations to enhance service delivery	-- Refine metrics for better results in PCC
	-- Empower staff by expanding PCC knowledge and skills
	-- Achieve acceptable performance and alter services as needed
Staff-centered	-- Retain subject matter expertise in key AFRH positions by reducing



MANAGEMENT CHALLENGES	RECOMMENDED ACTIONS
Environment --Address staff issues and concerns to improve working environment	turnover -- Implement Individual Performance Plans for all employees which link staff responsibilities to Strategic Goals / Objectives
Aging-in-Place --Continue expansion and Improvement of Aging-in-Place initiative	-- Ensure more accountability between the transitions from one care level to another -- Validate costs by level of care and determine staff time usage in all levels --Staff levels of care in accordance with Center for Medicare Services (CMS) standards

The COO has set a course of action to effectively manage these challenges and ensure AFRH continues to provide stellar services for our Residents. Working closely with our DoD leadership, AFRH has made significant progress towards improving our Trust Fund Solvency.



BUDGET HIGHLIGHTS

BUDGET IMPLICATIONS

The 1991 Defense Authorization Act, Public Law 101-510, created an Armed Forces Retirement Home (AFRH) Trust Fund to finance the AFRH-Gulfport, MS and the AFRH-Washington, DC Homes. The Homes are funded by appropriations drawn from the Trust Fund.

The AFRH Trust Fund has a variety of revenue sources:

- Withheld Funds from active duty military personnel, each Warrant Officer and Enlisted person contributes a fee of fifty cents per month (six dollars per year) of the authorized \$1 per month to the AFRH Trust Fund, which are increasing to \$1/per month on July 1, 2015;
- Fines & forfeitures charged to military personnel for misconduct in service, this revenue source typically provides more than half of the total revenue for the Trust Fund;
- Resident fees, with an equitable increase on July 1, 2015;
- Interest on the AFRH Trust Fund;
- Estates and gifts; and,
- Sale or Lease of property and other miscellaneous revenue.

The AFRH's operations budget and capital improvements use funds withdrawn from the AFRH Trust Fund and appropriated by Congress. For almost a decade, AFRH management has worked to strengthen the Trust Fund through cost reduction efforts. Our duty is to preserve the assets in the Trust Fund while taking withdrawals with great prudence. AFRH management has focused on wisely making investments and harnessing our operating expenses. We have a clear plan to ensure that both Homes will have resources to continue great service for many years—as it has done for two centuries.

Our commitment to sound financial management and to upholding high standards of accountability and transparency in FY 2014 included several key accomplishments:

- Substantially exceeding the Small Business Administration's Government-wide goal to ensure small businesses get their fair share of work with the federal government by awarding over 35% of "eligible dollars" to small businesses.
- Continuing our record of no material weaknesses, significant control deficiencies, or nonconformance with the Federal Managers' Financial Integrity Act and other applicable laws and regulations.
- Continuing to implement key cost containment activities including the closing of our AFRH-Washington, DC Power Plant resulting in significant utility cost savings.
- Placing an emphasis on hiring additional healthcare employees to ensure AFRH efficiently adheres to the Center for Medicare Services recommendation of a 4.1 daily hour ratio for each Resident in our Memory Support and Long Term Care areas. Our major effort to contain costs for FY 2015 is to reduce contract staff and federal employee overtime in nursing to meet this standard.
- Ensuring the health and safety of our Residents while effectively weathering budget cuts and the FY 2014 Government furlough.



- Implementing our AFRH-W Master plan which not only reduces our footprint but will also provide additional revenue for the AFRH Trust Fund.

FY 2016 BUDGET REQUEST

The AFRH provides, through our two Campuses, residences and related services for retired and certain former enlisted, Limited Duty Officer and Warrant Officers of the Armed Forces. The AFRH FY 2016 Budget Request of \$64.3M covers Operations & Maintenance and Capital Improvements for both Campuses. The AFRH FY 2016 Budget Request is adequate to support our Residents while absorbing a key cost driver—increasing our health care staff and reduce our reliance on contract personnel and federal employee overtime. The FY 2016 Budget Request will allow AFRH to absorb rising healthcare costs (our largest cost driver) while continuing to provide our Residents the services and amenities they deserve while maintaining our two Campus facilities and grounds.

Our vision is to preserve our Trust Fund and continue providing exemplary financial management by:

- Ensuring full compliance with Federal regulations.
- Maintaining our stellar performance in financial metrics with a focus on maintaining our successes in debt collection, improper payments, interest payments, and compliance with requirements for EFT. AFRH's excellent record for the past 3 years showed only one improper payment. The one improper payment identified during FY 2014 was resolved, cause identified and additional training provided for invoice approvers.
- Securing Trust Fund solvency by working with our COO, DoD partners and Advisory Council to increase revenue.
- Operating responsibly under budget reductions to ensure quality services and care for our Residents.
- Updating the AFRH Long Range Financial plan to accurately forecast out year Trust Fund Balances with the revenue changes we are currently experiencing.
- Hiring additional nursing staff for both locations to reduce our dependency on contract staff and federal overtime.

The FY 2016 Budget Request includes \$1 million for capital improvements for both campuses. Capital improvements projects include design to replace AFRH-W 70-90 year old water infrastructure, AFRH-W road and sidewalk replacement / repairs, AFRH-G Nursing Call System and continue our efforts to complete the AFRH-W Master Plan by leasing 77+ underutilized acres. Since the entire AFRH-G facility was constructed and opened in 2010, the majority of planned capital improvements are for AFRH-W.

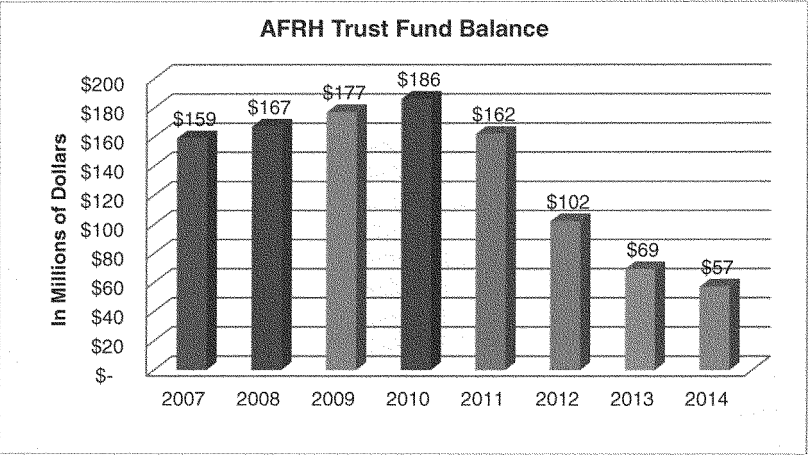
BUDGETARY CONCERNS

The solvency of the AFRH Trust Fund is our most crucial challenge and AFRH is pleased to report with the assistance of DoD we have made several key positive steps to support the Trust Fund. The AFRH Trust Fund is the self-funded investment that pays for the AFRH operations and capital improvements. In recent years, AFRH management has substantially reduced operating costs and undertaken several major construction projects to further reduce O&M costs.



AFRH's funding source is distinctive among Federal agencies. The 1991 Defense Authorization Act, Public Law 101-510, created an AFRH Trust Fund to finance the Gulfport and Washington Homes. The Trust Fund status is an integral part of the financial picture. With the fluctuations we are now facing in Fines and Forfeitures, we may be unable to maintain a balance of spending against income.

The 2012 Trust Fund Solvency analysis concluded that the AFRH Trust Fund was solvent long term with the key assumption revenue remained significantly within historical variation. AFRH's Trust Fund balance reflects reduced revenue from an unexpected decline in AFRH's largest revenue stream—Fines and Forfeitures. AFRH is working closely with our DoD Leadership to address revenue concerns.



Since 2010, Fines and Forfeitures have fallen more than would be expected from normal variations or historical trends steadily declining from \$37.2M in 2010 to \$28.2M in 2014--a reduction of more than 24 percent. AFRH is seeking new revenue sources, proceeding with the lease of underutilized buildings / land, and continuing to contain operating costs.

To replace the reduced Fines & Forfeitures Revenue, AFRH, working with our DoD Leadership, is implementing a multi-tiered approach which includes:

- Increasing Active Duty Withholding from 50 cents to \$1 per month by June 30, 2015. DoD has had the authority to increase the monthly withholding paid by active duty enlisted, Warrant Officers and Limited Duty Officers since 1996. The active Duty Withholding has not increased since 1977 when it was permanently established at 50 cents / month. The active duty withholding change will increase revenue by approximately \$1.7M in FY 2015 and \$6.8M in FY 2016.



- Implementing an equitable increase of Resident Monthly Fees in both the percentage of income and maximum fee amounts. Resident Fees have not been adjusted since 2002 or kept pace with the rising cost of healthcare. Even with the proposed increase AFRH is still the best value for our veterans and offers services not available at other facilities. Increased Resident Fees will generate approximately \$.3M in FY 2015 and \$1.4M in FY 2016.
- Establishing our Pilot Independent Living level of care as a permanent level of care with a fee structure that recognizes the costs associated with this level of care. Our Independent Living program allows Residents with basic living needs while remaining in their Independent Living which is a savings for both the Resident and AFRH. Prior to the pilot programs Residents who needs assistance with basic needs had to be moved to Assisted Living with high nursing costs and pay a higher monthly Resident fee. Currently, AFRH has over 100 Residents in the Independent Living level of care with an approximate cost savings of \$10,000/annually per Resident.
- Auditing Active Duty Fines & Forfeitures transferred from DoD to AFRH. Since the significant reduction in this revenue source is unprecedented and unexplainable based on over 50 years of historic trends, this audit will assist in better out year projects for AFRH's largest revenue source.
- Implementing the AFRH-W Master Plan—AFRH has an approved Master Plan for 77+ acres of underutilized land in the southeast corner of the AFRH-W property. AFRH offered this area for a lease in 2008 but due to the downturn in the DC real estate market put the project on hold. AFRH working the GSA expected to release the request for proposal in FY 2015 Q2 and hopes to select a vendor by early FY 2016. Revenue from this lease is expected to begin in FY 2017.
- Leasing underutilized buildings and land—AFRH has identified several buildings, in addition to our Master Plan 77+ acres, which are underutilized due to our recent reductions in our footprint. AFRH has been actively working to offer these buildings for lease to not only generate additional income but also to reduce the operations and maintenance.

In addition to our efforts to increase revenue, AFRH continues to identify and implement cost containment activities keeping operations efficient while providing quality services and amenities to our Residents. Working our DoD leadership, we are confident the above actions will assist in increasing our Trust Fund balance and support our out year budget requests.

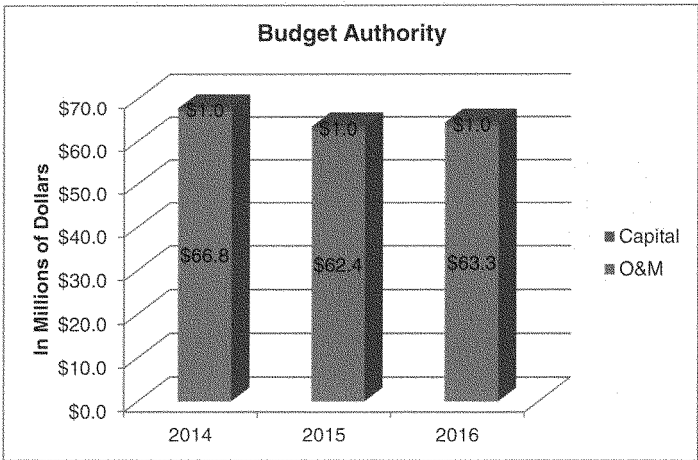


JUSTIFICATION HIGHLIGHTS

Appendix 1—Budget Authority

ARMED FORCES RETIREMENT HOME
BUDGET AUTHORITY BY ACTIVITY
(\$ in Thousands)

	FY 2014 Authorized	FY 2015 Enacted	FY 2016 Estimate	FY 2016- FY 2015 Increase or Decrease
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>
O & M BUDGET AUTHORITY	\$ 66,800	\$62,400	\$63,300	\$ 900
CAPITAL AUTHORITY: TRUST FUND	\$ 1,000	\$ 1,000	\$ 1,000	-
TOTAL BUDGET AUTHORITY TRUST FUND	\$ 67,800	\$63,400	\$64,300	\$ 900
TOTAL FULL-TIME EQUIVALENTS	275	336	336	-





Appendix 2—Capital Appropriation

**ARMED FORCES RETIREMENT HOME
CAPITAL APPROPRIATION**
(\$ in Thousands)

FY 2016 Capital Appropriation		
AFRH-W Water & Sewage Lines Replacement	\$ 700	
General Infrastructure	\$ 200	
AFRH-W Master Plan	\$ 100	
Total		\$ 1,000
FY 2015 Capital Appropriation		
AFRH-W Water & Sewage Line Replacement	\$ 200	
General Infrastructure	\$ 300	
AFRH-W Master Plan	\$ 245	
AFRH-G Nurse Call System Upgrade	\$ 175	
IT Equipment Replacement	\$ 80	
Total		\$ 1,000
FY 2014 Capital Appropriation		
AFRH-W Mater Plan	\$ 675	
Accreditation Upgrades	\$ 325	
Total		\$ 1,000



Appendix 3—O&M Summary of Changes

ARMED FORCES RETIREMENT HOME
O&M Summary of Changes
(\$ in Thousands)

FY 2016 O&M Request	\$63,300
FY 2015 O&M Enacted	<u>\$62,400</u>
Net Change	\$ 900

Changes		FY 2015		FY 2016	
		Base		Change from Base	
A.	Built-In:	Workyears (FTE)	Budget Authority	Workyears (FTE)	Budget Authority
1	Base payroll Costs	336	\$ 27,086	---	\$ 408
2	Non-Salary Costs				
	Travel/Leases		226		5
	Transportation		28		0
	Communications/Utilities		3,285		57
	Printing & Reproduction		46		1
	Other Services (Contracts)		28,265		406
	Supplies & Materials		3,426		22
	Equipment		38		1
	Total Non-Salary Costs		\$ 35,314		\$ 492
Total		336	\$ 62,400	---	\$ 900
NET INCREASE/(DECREASE)				---	\$ 900



Appendix 4--Total Budget by Object Class

ARMED FORCES RETIREMENT HOME
TOTAL BUDGET (O&M & Capital) BY OBJECT CLASS
(\$ in Thousands)

		FY 2014 Actual Oblig/ Expenditures	FY 2015 Enacted	FY 2016 Estimate	FY 2016- FY 2015 Increase/ (Decrease)
11	*Personnel Compensation	17,022	20,214	20,512	298
12	*Personnel Benefits	5,260	6,066	6,162	96
13	Benefits, Former Personnel	694	806	820	14
21	Travel/Leasing	211	226	231	5
22	Transportation of Things	10	28	28	--
23	Communications & Utilities	3,330	3,285	3342	57
24	Printing & Reproduction	45	46	47	1
25	Other Services	26,148	28,265	28,671	406
26	Supplies & Materials	4,879	3,426	3,448	22
31	Equipment	49	38	39	1
32	Land & Structures (Capital Outlays	743	1,000	1,000	--
TOTAL BUDGETED		\$ 58,391	\$ 63,400	\$ 64,300	\$ 900
TOTAL FULL-TIME EQUIVALENTS		275	336	336	---

*Annual Physicians' Comparability included



Appendix 5-- Appropriations History

**ARMED FORCES RETIREMENT HOME
APPROPRIATIONS HISTORY FY 2006-2015
(\$ in Thousands)**

FISCAL YEAR		CONGRESSIONAL		APPROPRIATION		FINAL APPROPRIATION
		BUDGET JUSTIFICATION	AUTHORIZED	HOUSE ALLOWANCE	SENATE ALLOWANCE	
2006	O&M	57,033	57,033	57,033	57,033	56,463
	CO	1,248	1,248	1,248	1,248	1,236
	PUBLIC LAW 109-148**	0	65,800	65,800	65,800	65,800
	PUBLIC LAW 109-234**	0	176,000	176,000	176,000	176,000
	Total	58,281	300,081	300,081	300,081	299,499
2007	O&M	54,846	54,846	54,846	54,846	54,846
	CO	0	0	0	0	0
	Total	54,846	54,846	54,846	54,846	54,846
2008	O&M	55,724	56,524	56,524	56,524	55,724
	CO	0	0	0	0	0
	Total	55,724	56,524	56,524	56,524	55,724
2009	O&M	54,985	54,985	54,985	54,985	54,985
	CO	8,025	8,025	8,025	8,025	8,025
	Total	63,010	63,010	63,010	63,010	63,010
2010	O&M	62,000	62,000	62,000	62,000	62,000
	CO	72,000	72,000	72,000	72,000	72,000
	Total	134,000	134,000	134,000	134,000	134,000
2011	O&M	69,200	69,061	69,061	69,061	69,061
	CO	2,000	1,996	1,996	1,996	1,996
	Total	71,200	71,057	71,057	71,057	71,057
2012	O&M	65,700	65,700	65,700	65,700	65,700
	CO***	2,000	2,000	16,630	16,630	16,630
	Total	67,700	67,700	82,330	82,330	82,330
2013	O&M	63,814	65,590	63,814	63,814	63,814
	CO	1,946	2,000	1,946	1,946	1,946
	Total	65,760	67,590	65,760	65,760	65,760



FISCAL YEAR	DESCRIPTION	CONGRESSIONAL BUDGET		APPROPRIATION		FINAL APPROPRIATION
		JUSTIFICATION	AUTHORIZED	HOUSE ALLOWANCE	SENATE ALLOWANCE	
2014	O&M	66,800	66,800	65,800	66,800	66,800
	CO	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	Total	67,800	67,800	66,800	67,800	67,800
2015	O&M	62,400	62,400	62,400	62,400	62,400
	CO	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	Total	63,400	63,400	63,400	63,400	63,400
2016	O&M	63,300				
	CO	<u>1,000</u>				
	Total	64,300				

[NOTE: (**) Majority of Supplemental funding from the General Fund as a result of Hurricane Katrina for the stand up of the Gulfport Campus.
(***) Funding includes \$14.6M from the General Fund to repair the structural damage incurred due to the August, 2011 earthquake that occurred in Washington, DC.]



Appendix 6--Staffing History

**ARMED FORCES RETIREMENT HOME STAFFING
HISTORY**
(\$ in Thousands)

<u>FISCAL YEAR</u>	<u>SALARIES and BENEFITS</u>	<u>FTE's</u>
1995	\$ 39,312	989
1996	37,655	903
1997	37,671	865
1998	37,605	841
1999	37,419	799
2000	38,612	753
2001	38,292	734
2002	41,936	736
2003	40,495	683
2004	35,870	548
2005	30,684	446
2006/1	25,754	299
2007	22,460	288
2008	24,043	283
2009	21,120	268
2010	21,589	252
2011/2	25,019	280
2012	23,876	278
2013	23,910	278
2014	22,976	275
2015***	27,086	336
2016	27,494	336

FOOTNOTES:

1/ The 2006 significant FTE reduction was a result of Hurricane Katrina and the closure of the Gulfport Facility; only AFRH-Washington was operational.

2/ The 2011 FTE growth was the result of re-opening Gulfport facility and reshaping DC workforce.

3/ The 2015 projected FTE growth is the result of increasing health care staff to efficiently meet the HHS recommended 4.1 hrs/day for upper-level care Residents by moving permanent health care positions from contractor to Federal employees and reducing mandatory federal employee overtime.

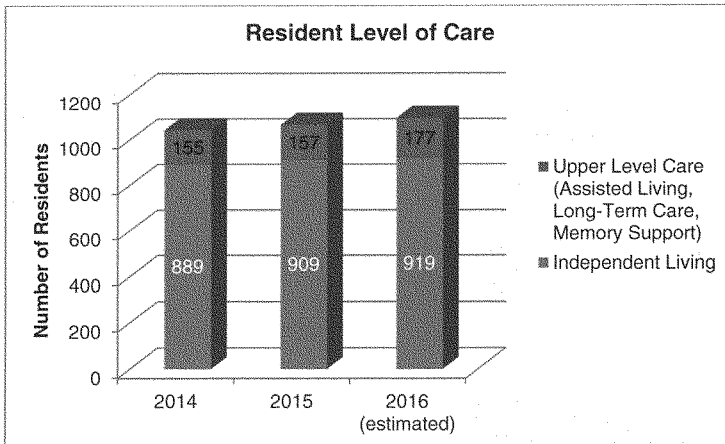


Appendix 7—Current/Projected Residents

ARMED FORCES RETIREMENT HOME CURRENT/PROJECTED RESIDENTS

	ACTUAL FY 2014	APPROPRIATED FY 2015	ESTIMATE FY 2016
Domiciliary Care	889	909	919
Health Care	155	157	177
Total Residents	1,044	1,066	1,096
O&M	\$57,686,251	\$62,400,000	\$63,300,000
Capital Outlay	\$ 705,000	\$ 1,000,000	\$ 1,000,000
Total Budget	\$58,391,251	\$63,400,000	\$64,300,000
Operating Budget Per Resident	\$55,930	\$59,475	\$58,668

FY 2015 & 2016 increased operating cost per Resident is caused by increasing health care costs.





Appendix 8—Physicians Comparability Allowance

Physicians' Comparability Allowance (PCA) Worksheet
Department: Armed Forces Retirement Home

	PY 2014 (Actual)	CY 2015 (Estimates)	BY 2016* (Estimates)
1) Number of Physicians Receiving PCAs	2	1	1
2) Number of Physicians with One-Year PCA Agreements	0	0	0
3) Number of Physicians with Multi-Year PCA Agreements	2	1	1
4) Average Annual PCA Physician Pay (without PCA payment)	149,094	157,100	157,100
5) Average Annual PCA Payment	22,500	30,000	30,000
6) Number of Physicians Receiving PCAs by Category (non-add)	Category I Clinical Position	1	0
	Category II Research Position		
	Category III Occupational Health		
	Category IV-A Disability Evaluation		
	Category IV-B Health and Medical Admin.	1	1

*FY 2016 data will be approved during the FY 2017 Budget cycle.

7) If applicable, list and explain the necessity of any additional physician categories designated by your agency (for categories other than I through IV-B). Provide the number of PCA agreements per additional category for the PY, CY and BY.

N/A

8) Provide the maximum annual PCA amount paid to each category of physician in your agency and explain the reasoning for these amounts by category.

Category I \$15,000
 Category IV-B \$30,000

9) Explain the recruitment and retention problem(s) for each category of physician in your agency (this should demonstrate that a current need continues to persist).

The agencies near the AFRH (VA and until very recently Walter Reed Army Medical Center) address pay issues through Title 38 market pay. The AFRH has used PCA but it is not as effective as it once was. We are transitioning to exercising Title 38 Authority. As a small agency, there are few physician positions where PCA is used.

10) Explain the degree to which recruitment and retention problems were alleviated in your agency through the use of PCAs in the prior fiscal year.

The AFRH is the only continuing care retirement community in the Federal government: most are in the private sector, and only a small percentage specifically serve veterans. The use of PCA at AFRH is no longer attracting the physicians we require.

11) Provide any additional information that may be useful in planning PCA staffing levels and amounts in your agency.

N/A

American Psychological Association

Testimony Submitted March 27, 2015

By Heather O'Beirne Kelly, PhD

to the
United States House of Representatives Committee on
Appropriations
Subcommittee on Military Construction, Veterans Affairs, and Related
Agencies

The Honorable Charlie Dent, Chairman

**Fiscal Year 2016 Appropriations for the Department of
Veterans Affairs**

The American Psychological Association (APA) is a scientific and professional organization of more than 130,000 psychologists and affiliates. The Department of Veterans Affairs (VA) is the largest single employer of psychologists, who work both as research scientists and clinicians committed to improving the lives of our nation's veterans.

REQUEST SUMMARY: APA joins the Friends of VA Medical Care and Health Research (FOVA) coalition in urging Congress to support the President's request of **\$622 million in FY16 for VA Medical and Prosthetic Research.**

APA also encourages the Subcommittee to provide at least **\$50 million for up to five major construction projects in VA research facilities and \$175 million in nonrecurring maintenance and for minor construction projects** to address deficiencies identified in the independent VA research facilities review provided to Congress in 2012.

In line with the Independent Budget, APA urges Congress to **provide ample resources for VA mental health programs, and specifically to close a clinical gap in mental health assessment** and triage for veterans requesting appointments by phone.

Psychological Research in the VA

A strong VA psychological research program provides the scientific foundation for high-quality care within the VA system. Through its Medical and Prosthetic Research Account, the VA funds intramural research that supports its clinical mission to care for veterans. VA psychologists play a dual role in providing care for veterans and conducting research in all areas of health, including high-priority

areas particularly relevant to veterans, such as: mental health, traumatic brain injury (TBI), substance abuse, aging-related disorders and physical and psychosocial rehabilitation. VA psychologists are leaders in providing effective diagnosis and treatment for all mental health, substance use and behavioral health issues. In addition, VA psychologists often receive specialty training in rehabilitation psychology and/or neuropsychology, which helps to improve assessment, treatment, and research on the many conditions affecting veterans, including: post-traumatic stress disorder (PTSD), burns, amputation, blindness, spinal cord injuries and polytrauma. Equally important are the profoundly positive impacts of psychological interventions on the care of veterans suffering from chronic illnesses such as cancer, cardiovascular disease, HIV and chronic pain.

VA psychologists continue to be at the forefront of cutting-edge research on, assessment of and treatment for PTSD, a particular concern within the VA and Congress. The care of veterans suffering psychological wounds as a result of military service is at the heart of the VA's mandate "to care for him who shall have borne the battle," and preventing and treating PTSD has become an even more important priority within the VA given the needs of veterans from recent conflicts overseas. VA psychologists are responsible for the development of the most widely respected and used diagnostic instruments and therapeutic techniques for assessing and treating PTSD. The current conflicts present new challenges for VA psychologists, as many veterans with PTSD have post-concussive symptoms stemming from blast injuries. Additional research is needed to develop novel treatments for PTSD in cases when cognitive problems also may stem from a history of documented TBI.

VA psychologists also have used their expertise in program development and evaluation to successfully improve the VA's coordinated service approach. This includes models and practices of care that encompass inpatient, partial hospitalization and outpatient services including psychosocial rehabilitation programs, geriatric services in the community, and homelessness programs within the VA Secretary's new emphasis. VA psychologists have initiated and evaluated innovative programs, such as tele-mental health services, that will dramatically expand the VA's continuum of care for veterans.

VA Research Facilities Upgrades

State-of-the-art research requires state-of-the-art technology, equipment, and facilities in addition to highly qualified and committed scientists and investigators. Modern research cannot be conducted in facilities that more closely resemble high school science laboratories than university-class space. Modern facilities would also help VA recruit and retain the best and brightest clinician-scientists. In recent years, funding for the VA minor construction program has failed to adequately provide the resources needed to maintain, upgrade, and replace aging research facilities. For the most part, research facilities have competed unsuccessfully with other VA facility needs for basic infrastructure and physical

plant improvements. Many VA facilities have run out of adequate research space. Also, ventilation, electrical and water supply, and plumbing appear frequently on lists of needed upgrades along with space reconfigurations. In addition to impeding medical discovery, poor research infrastructure undermines the ability of the VA to recruit and retain the clinical investigators who would normally be drawn to the VA system for its unique research opportunities.

APA and FOVA have appreciated the Subcommittee's attention to this issue in prior years, but the problem lingers. We encourage the Subcommittee to provide at least **\$50 million for up to five major construction projects in VA research facilities and \$175 million in nonrecurring maintenance and for minor construction projects** to address deficiencies identified in the independent VA research facilities review provided to Congress in 2012.

APA and FOVA suggest the following report language to address research infrastructure issues at the VA:

Suggested FY 16 Report Language on VA Research Infrastructure

The committee notes the Final Report on the VA Research Infrastructure (2012) documented significant deficiencies in the VA labs across the VA system. The committee urges VA to allocate the appropriate resources needed to address the deficiencies identified in the report. The committee is pleased the VA Office of Research and Development is updating the Final Report of the VA Research Infrastructure Program that was released in July 2012. The committee requests a progress report on the results of the updated VA research infrastructure survey to be shared with the committee upon completion of each of the three regional visits, and no later than 12/1/2015.

VA Mental Healthcare

APA echoes the many concerns and suggestions of Veterans Service Organizations (VSOs) regarding VA mental health services outlined in their policy recommendations for the 114th Congress (the Independent Budget Veterans Agenda or IB), and we urge the same attention from Congress to providing ample resources for VA mental health programs. VA psychologists can and do provide absolutely cutting-edge, high-quality, evidence-based and effective mental healthcare to veterans.

There remain challenges in accessing these services, however, and APA would like to highlight one issue related to mental health triage for veterans calling in for mental healthcare appointments. Though veterans who are seen in person in VA facilities receive various forms of initial assessment, triage, intake, and referral – veterans who reach VA mental health clinics by phone do not typically receive similar triage or mini-assessment at this point of contact. This is a crucial point in the access continuum (and one that has received a lot of attention when veterans wish to be seen sooner than VA appointments are available) – and APA urges

Congress to address this need for phone triage with VA Central Office and provide additional resources to remedy this clinical gap.

For more information, please contact Dr. Heather O'Beirne Kelly
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